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ABSTRACT

Since 1973, families headed by someone younger than 30 years of age have experienced a collapse in the value of their incomes, a surge in poverty, and an erosion of employer-provided health benefits. This report details the deep economic losses among young families with children and warns of consequences from these losses for young and old Americans alike. The report shows that children bear the greatest costs, including the lifetime of lost learning and lost potential for advancement associated with even a short stay in an impoverished family. The report reveals that while America is richer today than ever before, with greater resources for strengthening families than most other developed countries, it actually does less than other developed nations to aid struggling working families. It is recommended that young families should be aided with adequate wages and incomes, education, training, health care, child care, and affordable housing. Demographic data for these families and the reasons for their increasing poverty are provided, including tables and graphs of this data. (JPB)

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RESCUING THE AMERICAN DREAM:

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HALTING THE ECONOMIC FREEFALL OF TODAY'S YOUNG FAMILIES WITH CHILDREN

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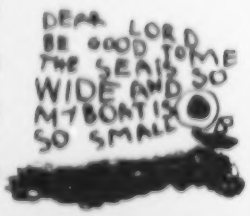

Children's Defense Fund

SINCE 1974, INCOMES OF YOUNG FAMILIES WITH CHILDREN HAVE PLUMMETED BY ONE-THIRD.

ABOUT THE CHILDREN'S DEFENSE FUND

The Children's Defense Fund (CDF) exists to provide a strong and effective voice for all the children of America, who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. Our goal is to educate the nation about the needs of children and encourage preventive investment in children before they get sick, drop out of school, suffer family breakdown, or get into trouble.

CDF is a unique organization. CDF focuses on programs and policies that affect large numbers of children, rather than on helping families on a case-by-case basis. Our staff includes specialists in health, child welfare, mental health, child development, family income, and youth employment. CDF gathers data and disseminates information on these and other key issues affecting children. We monitor the development and implementation of federal and state policies. We provide information, technical assistance, and support to a network of state and local child advocates, service providers, and public and private sector officials and leaders. We pursue an annual legislative agenda in the U.S. Congress and in states where we have offices and networks. CDF educates hundreds of thousands of citizens annually about children's needs and responsible options for meeting those needs.

CDF is a national organization with roots in communities across America. Although our main office is in Washington, D.C., we reach out to towns and cities across the country to monitor the effects of changes in national and state policies and to help people and organizations concerned with what happens to children. CDF maintains state offices in Minnesota and Ohio, and local project offices in Marlboro County (South Carolina), Columbus, Greater Cincinnati, and New York City. CDF has developed cooperative projects with groups in many states.

The Black Community Crusade for Children (BCCC), developed by Black leaders and coordinated nationally by CDF, is an initiative to mobilize the African American community behind a targeted effort to address the special problems facing all children and families. The BCCC is part of CDF's overall work to ensure that no child is left behind and that all American children have a Healthy Start, a Head Start, a Fair Start, a Safe Start, and a Moral Start in life.

CDF is a private, nonprofit organization supported by foundations, corporate grants, and individual donations.

RESCUING THE AMERICAN DREAM:

HALTING THE ECONOMIC FREEFALL OF TODAY'S YOUNG FAMILIES WITH CHILDREN

Children's Defense Fund

By Arloc Sherman

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Families	Two or more persons living together and related by birth, marriage, or adoption. Except where noted, this report focuses on families who live on their own and excludes families who are homeless or live doubled up in someone else's home.
Young Families	Families headed by someone younger than age 30.
Children	Individuals under age 18 and, unless otherwise noted, include only the never-married biological, adopted, or stepchildren of the head of the household. This definition excludes foster children, children living on their own, and children of anyone other than the head of the family such as grandchildren, nieces, or nephews.
Median (Typical) Income	The income of the middle family in a group. Half of families have incomes above the median and half have incomes below.
Income	Includes pretax cash income, including public assistance. Does not include food stamps, health benefits, or other non-cash income. Nor does it count income from capital gains or make deductions for work expenses or taxes.
Poor (in Poverty)	Family income is below the official poverty thresholds used by the U.S. Census Bureau, which vary by family size and make-up and are adjusted every year for inflation. In 1994, the poverty thresholds were $11,821 for a three-person family and $15,141 for a family of four.
Dollar Amounts	All dollar amounts have been adjusted for inflation and, unless otherwise noted, are in 1994 dollars.

Dan and Sara Sullivan live in the American netherworld between poverty and the middle class. It is a world in which more and more young families have found themselves in the last 15 years, as their median income has dropped dramatically, well-paying jobs have become harder to find and the value of a college degree has risen steeply.

[Sara would like to take her 4-year-old son to a movie.] She can't now because she'd spend the whole time thinking about how the $4 is two loaves of bread and a gallon of milk.

[Dan, age 28, would like be able to buy his son Patrick an inexpensive toy.] Dan can't do that. He doesn't even like to go to the store with his son because it makes Patrick learn to yearn for things Dan can't provide. Fearing his son's judgment of him some day, Dan wants to land that manager's job before Patrick is old enough to realize how much his father can't give him. Before Patrick is old enough to compare his own father with those of other boys.

[Dan's] parents are terrified about what would happen to their grandchildren if they and Sara's mom were no longer able to pitch in. Sara's mom never in her life imagined that one of her children could end up living so close to the edge.

More than anything right now, the team of Dan and Sara wants a house, wants the life they lived as children for their own children. They can't let themselves even think about how impossible it will be to save, say, a $15,000 down payment.

—from Falling Out of the Middle Class by Walt Harrington, *Washington Post Magazine*, April 23, 1995

Overview and Solutions

In the midst of America's general growing affluence, young families, long the basic building block of American society, are in an economic freefall.

Since 1973, families headed by someone younger than 30 have suffered a collapse in the value of their incomes, a surge in poverty, and a stunning erosion of employer-provided health benefits for their children. They have endured crumbling opportunities for young men to earn a family-supporting wage, a steep decline in marriage, and a weakening hold not merely on home ownership but on the ability to afford any kind of housing at all.

While families headed by parents older than 30 and childless families have generally held their ground since 1973, or seen their inflation-adjusted incomes rise, young families with children lost one-third of their incomes. Nor was this just a phenomenon of inflation in the 1970s or "Reaganomics" in the 1980s. The problem continued in the early 1990s: between 1989 and 1994 (the last year of full data in this report), young families with children continued to fall further behind other groups at a rapid pace. Despite a generally strong economy, many of these trends remained the same or worsened, and average wages for hourly workers, ages 20 to 29, continued to decline between 1994 and 1996.

Although young Americans are struggling to counteract their losses—by increasing the amount of time women spend in the paid labor force and by more frequently postponing childbearing until after age 30—their efforts have not stopped this downward economic spiral. Instead, the benefits of married women working longer and harder have been wiped out by wage declines for both women and men and by the high cost of child care. And young adults who try to delay childbearing until they can support a family find themselves chasing a receding goal, as the age at which they can earn a family-supporting wage gradually becomes older and older. At the same time, a young adult's best defense against income loss—college—has grown far less affordable since the 1970s, and fewer young parents are graduating with four-year college degrees than before.

This report details the deep economic losses among young families with children and warns of troubling consequences from these losses, for young and old Americans alike. In the end, it is the children who bear the greatest costs, including the lifetime of lost learning and lost potential for advancement associated with even a short stay in an impoverished family. Yet the personal burdens of children in young families also will weigh on the economic well-being of the entire nation for decades to come, as these children grow to be less educated, less productive workers.

The report reveals that America is richer today than ever before, with greater resources for strengthening families. Although America does not now try as hard as other developed nations to aid struggling working families—it does less to ensure that families have adequate wages and incomes, education, training, health care, child care, and affordable housing—America is wealthier than these other nations and can afford to do much more. Ensuring a strong start for every young family in America is more than possible—if communities, businesses, and government at all levels commit themselves to valuing families and enabling parents to obtain good jobs with family-supporting incomes.

1. America's young families with children face an unprecedented economic struggle.

- The typical (median) income of young families with children plunged by one-third (33 percent) from 1973 to 1994 after adjusting for inflation—a loss greater than the 27 percent drop in per capita personal income that occurred during the Great Depression from 1929 to 1933.
- The poverty rate for children in young families has more than doubled since 1973, leaving two out of every five of these children (41 percent) living below the poverty line in 1994.
- During the 1990s, the downward trends continue: from 1989 to 1994 alone, the median income of young families with children fell by one-sixth (16 percent).
- One-half (50 percent) of children in young families are either poor or nearing poverty (with incomes below 125 percent of the poverty line, equivalent to $17,776 for a three-person family).

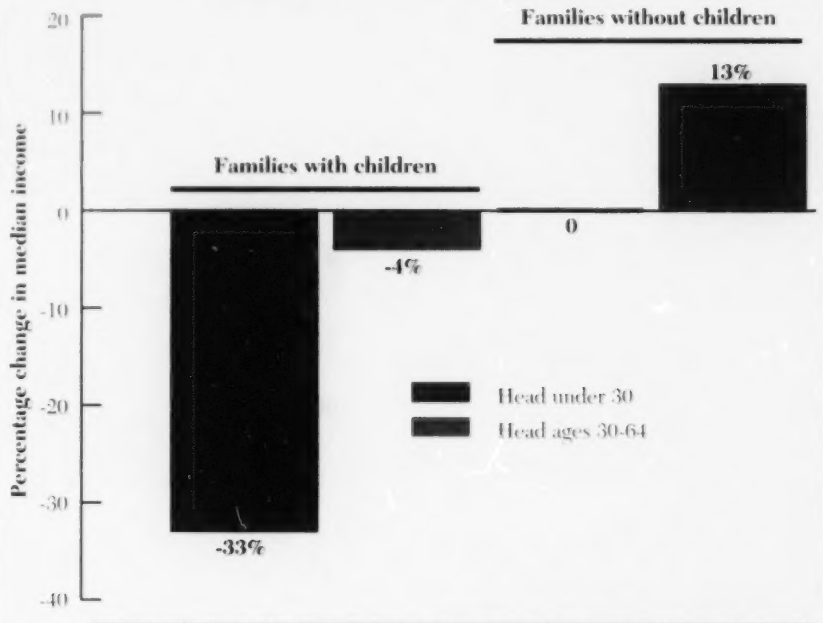
Action

For more than a generation, the energy and resources of this nation have been diverted away from young families. To redress this imbalance, every sector of the nation—including business, community and religious institutions, individuals, foundations, universities, and government—should strive to create a new work- and family-based support system, embodying the detailed recommendations in the pages ahead and built on three principles:

- Children must be able to count on support from both parents.
- Families must have access to the education and child care that are now required for family-supporting work.
- Children—not least the children from working families—must have access to health care and be safe from poverty.

Figure A

Change in Median Family Income, by Age of Family Head and Presence of Children, 1973 and 1994



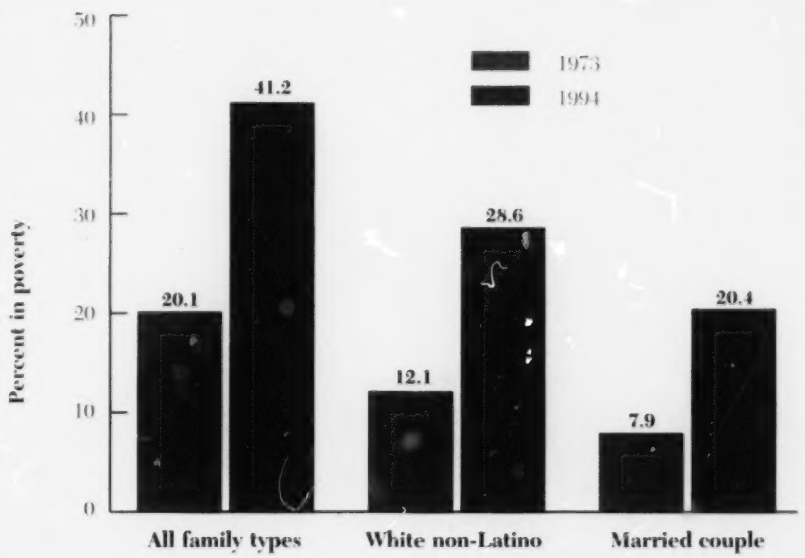
SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund. Adjusted for inflation using CPI-U-X1 inflation measure.

2. THE WAVE OF ECONOMIC LOSS HAS SWEPT ACROSS LINES OF RACE, REGION, AND FAMILY TYPE, DRIVING INCOMES DOWN AND POVERTY RATES UP FOR VIRTUALLY EVERY CATEGORY OF YOUNG FAMILIES WITH CHILDREN.

- Median incomes have fallen for young families headed by Whites (down 22 percent), as well as Hispanics (28 percent) and Blacks (46 percent), between 1973 and 1994.
- Incomes have fallen for young families headed by married couples (12 percent), as well as single mothers (22 percent) and single fathers (24 percent), during the same period.
- In every region of the country, nearly one-third (30 percent) to one-half (49 percent) of children in young families are now poor.
- Only families headed by a college graduate escaped unscathed (their incomes have actually risen), yet the soaring costs of college have created new barriers to obtaining a bachelor's degree.

Figure B

Poverty Rates of Children in Young Families, by Characteristics of the Family Head, 1973 and 1994



SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

ACTION

Businesses should promote opportunities for young workers and parents by adopting **family-supporting wage, benefit, training, and family-leave policies** *(see The Role of Business in Assuring the Well-Being of Young Families, p. 5)*.

States as well as the federal government should provide **fully refundable child tax credits** that help all families with children bear the costs of child rearing in the face of depressed wages and, often, increased taxes. While the only partially refundable $500-per-child tax credit just passed by Congress will help many moderate-income working families, millions of children are still denied all or part of the credit because their families have low incomes and no or limited tax liability.

The Role of Business in Assuring the Well-Being of Young Families

Business leaders have always shared a dual responsibility—not just to make a profit but to act ethically and in the interests of their employees and the communities that make their profits possible. As the chairman of Standard Oil of New Jersey said in 1951, "The job of management is to maintain an equitable and working balance among the claims of . . . stockholders, employees, customers and the public at large." The willingness of private industry to share gains with workers was a major reason why low- and moderate-income families in the 1950s and 1960s shared in the growing prosperity of those decades.

To restore the strength of young families today, business, as well as other private and public entities, must embrace a major role. Companies such as IBM have taken a lead in providing crucial supports to parents such as child care, paid and unpaid family leave policies, and flex time. More fundamentally, businesses must realize that their hard-won global competitiveness during recent decades has come at a price for families and children, especially young families, as many parents have worked longer hours in return for lower wages, fewer benefits, and growing poverty for their children.

Eradicating poverty among the children of young workers carries a long-term payoff for business as well as for the nation. Doing so will lift a multi-billion dollar burden on the economy—by improving children's future educational success and productivity, by reducing expensive illness and missed work, by cutting the costs of crime and crime protection, and by allowing companies and public schools to spend less on remedial training and education. These are benefits that will be shared by every employer, every consumer, and every taxpayer in America. Likewise, steps to ease the burdens on young families—such as covering health insurance for employees' children and ensuring that parents are able to find dependable child care—will help companies over the shorter term by ensuring that workers are happier, more productive, less stressed, and miss fewer days of work.

The business community, with unions and other sectors of society, must help balance the demands of short-term competitiveness against the economic and social benefits of investing in strong families. In particular, business can help by:

- ensuring that employees have **family-supporting incomes** and their families have **health insurance coverage.**
- increasing **training opportunities** for young workers, following the recommendation of the National Association of Manufacturers (NAM), which states that between 3 percent and 5 percent of payroll should be spent on employee training and education.
- sponsoring **apprenticeship** programs and other structured work experiences for youths and young adults to help ensure a smoother transition from school to work.
- providing **paid parental leave** and expanding unpaid leave so that parents may care for their infants and for their children in emergencies, and **ensuring reasonable work hours and limited overtime** demands so that parents may spend time with children on a regular basis.
- embracing increased **"profit-sharing"** and improved cooperation with workers as steps toward enhanced productivity and competitiveness, as recommended by NAM.

Whether by adjusting company policies or by speaking out in favor of larger scale community and government solutions, business must lend its voice and its resources if the American family is to remain strong. The success of future generations of workers, consumers, and citizens depends in great part on young families having this support today. ■

3. Two-parent families have avoided even deeper losses only by working harder—leaving parents with less time for home and family.

The strains on young two-parent families are even deeper than they first appear from the family income statistics.

- The typical annual paycheck of young married fathers dropped by 30 percent between 1973 and 1994.
- These losses were partially obscured in the family income statistics, however, by the growing earnings of young married mothers, who increased their average paid work time from 18 weeks per year in 1973 to 29 weeks per year in 1994.
- Young couples' increases in paid work, however, resulted in greater child care expenses, greater time pressure, and less time with their children.

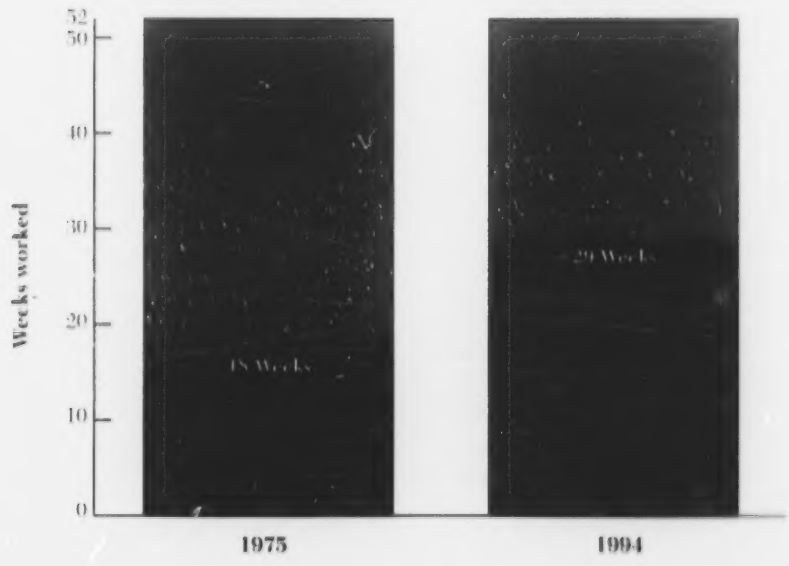
Action

Businesses should offer **paid parental leave** to allow all new parents to spend time with a sick or newborn child, without sacrificing job security or losing family-supporting pay, and reasonable work hours and limited overtime demands so that parents can spend more time with their children.

State and federal governments must invest in making **safe and nurturing child care** affordable to all families with working parents. Head Start's high-quality preschool and developmental services should be expanded to reach all eligible children and should reach beyond 4- and 5-year-olds to serve children younger than 4.

Figure C

Average Work Weeks of Married Mothers, Ages 25-29, 1975 and 1994



SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

4. Most children in young families are no longer covered by private health insurance due to rapid erosion in children's coverage under employer-provided health plans.

- From 1989 to 1994 alone, the proportion of children in young families covered by private health insurance fell from 59 percent to 45 percent—a stunning drop of one-fourth in just five years.
- In young families with a year-round worker, the proportion of children with private health coverage dropped from 78 percent to 65 percent during the same five years.
- Like children overall, one in seven children in young families has no public or private health coverage at all. Nine out of 10 of these uninsured children have working parents.

Action

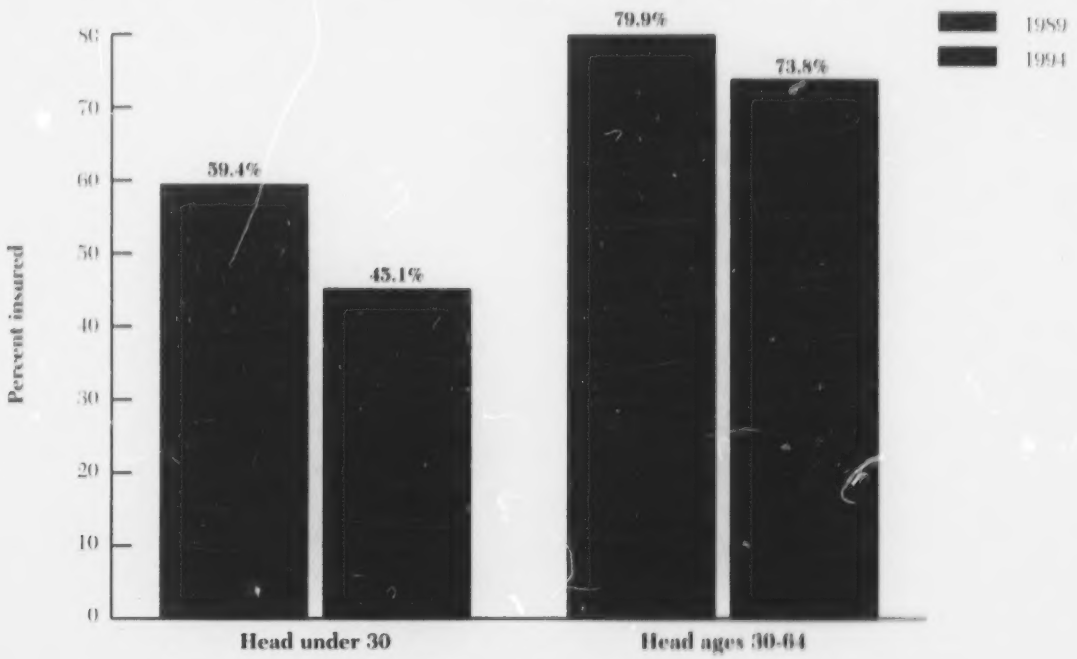
Parents should purchase health insurance for their children if it is available at a cost they can afford.

Businesses should offer affordable health insurance coverage to employees and family members rather than continuing to cut costs by cutting insurance for the most vulnerable Americans.

State and federal governments should help provide affordable health insurance with comprehensive benefits for all of the 10 million children who lack insurance. The law recently passed by Congress, if implemented by the states in a way to best serve uninsured children, could cover more than half of these children.

Figure D

Distribution of Children, by Private Health Insurance Status and Age of Family Head, 1989 and 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund

5. A HIGH SCHOOL DIPLOMA IS NO LONGER AN ADEQUATE SAFEGUARD FROM POVERTY, YET FOR MORE AND MORE FAMILIES, THE COST OF COLLEGE IS SPIRALING OUT OF REACH.

- Median income plunged by one-half (47 percent) from 1973 to 1992 for young families with children headed by a high school dropout and by one-third (37 percent) for those headed by a high school graduate with no further education.
- Only young families with children headed by a four-year college graduate avoided deep income losses (their incomes rose by 14 percent from 1973 to 1992).
- The average cost of tuition, room, and board at a public college equaled 26 percent of the income of a moderate-income family in 1994, according to the U.S. Department of Education, up from 16 percent in 1975.
- Financial aid grants covered only one-third (35 percent) of the average tuition for students living in lower middle-income families in 1992-1993.

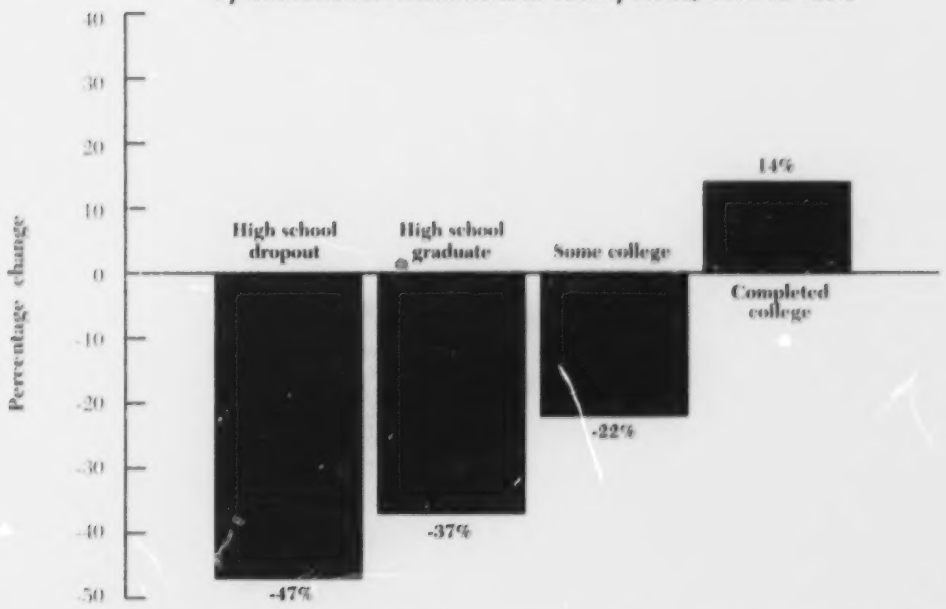
ACTION

Business, unions, and government should work together to expand apprenticeship programs and other methods of providing youths and young adults with a smoother transition from school to work.

Postsecondary education should be made affordable through a balanced mixture of Pell grants, private student aid, expanded work-study, and other aid targeted to help students from middle- and low-income families pay for college. No young person should be denied the opportunity to earn a college degree.

Figure E

Change in Median Income of Young Families with Children by Educational Attainment of Family Head, 1973 to 1992



SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University. Adjusted for inflation using CPI-U-X1 inflation measure. Amounts are in 1992 dollars.

6. Sweeping changes in the American economy are driving the economic plight of young families with children.

Most young workers find themselves on the wrong side of a growing chasm between experienced and less experienced workers and between those with and without a college education.

- The proportion of full-time workers younger than 25 who earn too little to support a four-person family above the poverty line has nearly doubled since 1979.
- The relative hourly wages of workers younger than 30 have plunged, so that in 1994 they earned 73 cents for every dollar earned by older workers—down from 88 cents on the dollar in 1973. From 1994 to 1996, as the economy continued to grow, wages for young hourly workers, ages 20 to 29, continued to fall.
- The poverty rate of young families with children headed by a full-time worker has tripled since 1973.
- Business restructuring, growing global competitiveness, declining union influence, changes in workplace technology, government efforts to restrain wage growth, and other factors have converged to drive down wages and job security for millions of workers, especially those who are young and who have limited skills, credentials, and seniority.

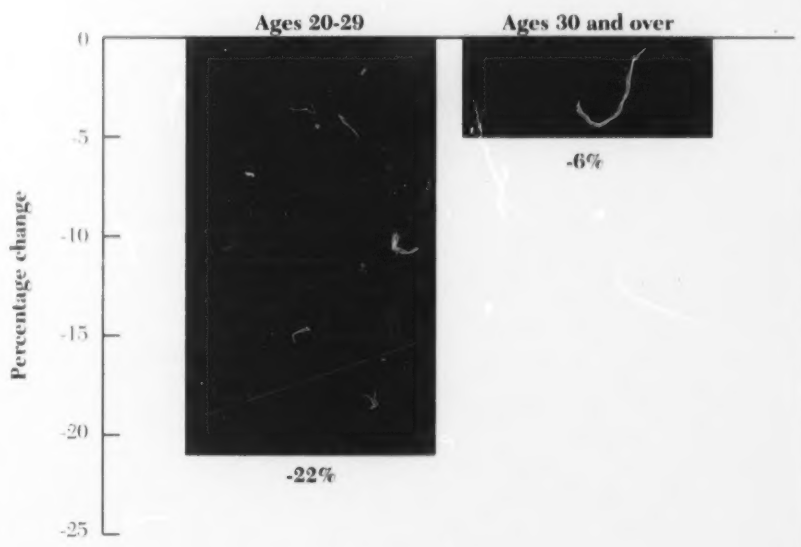
Action

The minimum wage should be raised until a full-time minimum wage job pays at least enough to support a family of three above the poverty line, as it did during most of the 1960s and 1970s. The new federal minimum of $5.15 (as of September 1997) equals only 83 percent of the 1997 poverty threshold.

Cities, counties, states, and community and religious institutions must **create jobs** for young workers with less than a college degree, meeting local needs such as housing rehabilitation, after-school activities for children, and services for the elderly; use **transportation, relocation opportunities, and other services** to get young inner-city workers into unfilled suburban jobs; boost wages by requiring city or county contractors to pay a **living wage**; and develop other innovative strategies to start restoring young adults to full-time, year-round work at adequate wages.

Figure F

Change in Average Hourly Wages for Workers Paid by the Hour (in 1996 Dollars), 1973 to 1995



SOURCE: Bureau of Labor Statistics. Calculations by the Children's Defense Fund. Adjusted for inflation using CPI-U-XI inflation measure.

7. Increases in single-parent families are closely tied to young families' economic woes—sometimes as a cause and sometimes as a result.

In addition to a changing economy increases in the number of single-parent families have also contributed to rising poverty among young families with children since 1973. However, the economic impact of this change in family structure is often overstated because economic distress often causes family breakup.

- Dwindling marriage rates are closely connected to falling wages and economic insecurity. Men in their 20s with family-supporting wages (earnings above the three-person poverty line) are twice as likely to be married as men who do not earn enough to keep a three-person family out of poverty.
- Many two-parent families who separate were already poor before the breakup occurred.
- For many young single-parent families, reuniting both parents would not, by itself, end the family's poverty because the absent parent earns too little.
- Returning to the marital structure of 1973 might reduce the total number of poor families with children by as much as one-sixth (and eliminate as much as one-third of the rise in poverty rates for these families since 1973).

Action

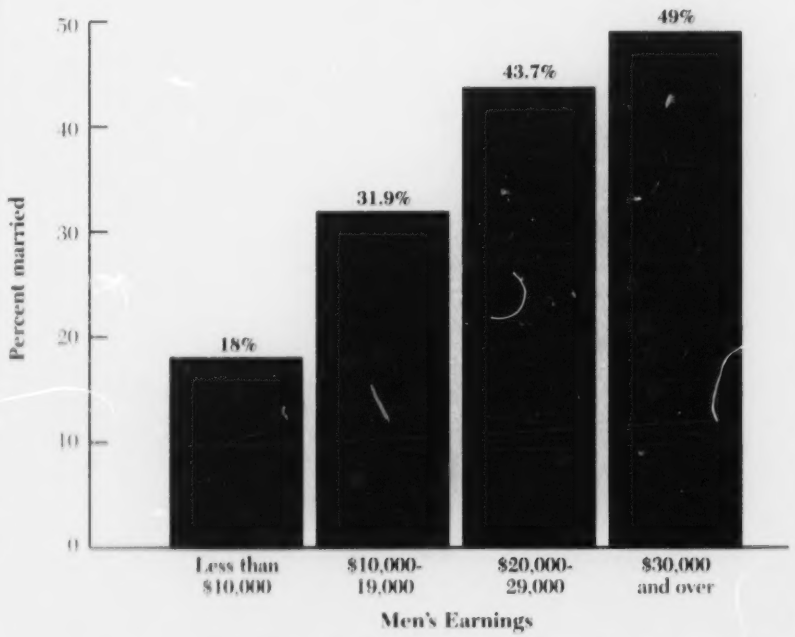
Youths and young adults must take responsibility for **postponing childbearing** until they are emotionally and economically able to nurture and support their children. And communities, employers, and public policy makers must take responsibility for ensuring that young people have the education, after-school activities, skills, and job opportunities that discourage too-early pregnancy and encourage stable marriages among young adults.

States should **eliminate the disincentives** for marriage that are an artifact of the old welfare system and give two-parent families the same help as single-parent families.

When parents do not stay together, states should **vigorously collect regular and adequate child support** from the absent parent. States should construct **child support assurance systems**—plans used in many countries *(see Table A6)* that provide a stable monthly income floor for all single-parent families with child support orders.

Figure G

Marriage Rates of Men, Ages 20-29, by Annual Earnings, 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund. Data are for civilian males and exclude persons younger than 25 enrolled in school.

8. Housing is increasingly unaffordable for young parents. No age group is more precariously housed—leaving many grandparents with the burden of housing and supporting young parents in their 20s.

- Among households headed by someone younger than 30, the proportion that owns their homes dwindled from nearly one in two (47 percent) in March 1980 to only one in three (33 percent) by March 1994.
- A growing proportion of young families are unable to afford housing, whether bought or rented. One in every six households with children headed by someone ages 25 to 29 paid more than one-half of their monthly income for housing in 1993—three times the proportion in 1974 and over 50 percent more than the 1993 proportion among older households with children.
- Households paying more than half of their income for rent are considered to have a "worst case" housing crisis by federal housing affordability standards and have alarmingly little income left to purchase food and other necessities.

Thousands of grandparents are driven to rescue their young adult children and grandchildren from poverty by sharing their homes and incomes.

- In 1994, 341,000 young parents in their 20s—together with 329,000 spouses and children—were unable to support themselves above the poverty line based on their own incomes and were spared from official poverty status only by living in the grandparents' home and sharing the extended family's income.
- Between March 1993 and March 1994 alone, 145,000 young families headed by someone in their 20s moved back home with the grandparents after having lived somewhere else. The majority (59 percent) would have been considered below the official federal poverty line ($11,821 for a three-person family in 1994) based on their own incomes alone.

Action

Landlords and real estate agencies must comply with rather than resist laws that **prohibit discrimination** against families with children. Such discrimination drives up rental costs and increases housing turnover for families with children.

The federal government must maintain and strengthen **assistance to low-income renters** and should continue to target the poorest families, who can least afford housing. Families who are too poor to afford housing should receive extra food stamp help, as do individuals who are older or who have disabilities.

9. The economic losses of young families may cause lasting damage for the children.

- Although young families contain only one out of six children overall, they account for the majority of poor children younger than age 6.
- New findings suggest that spending even a few years in poverty during this vulnerable early stage can significantly reduce children's later test scores and school completion—effects that appear to impair young people's earnings capacity, productivity, and employability well into adulthood.

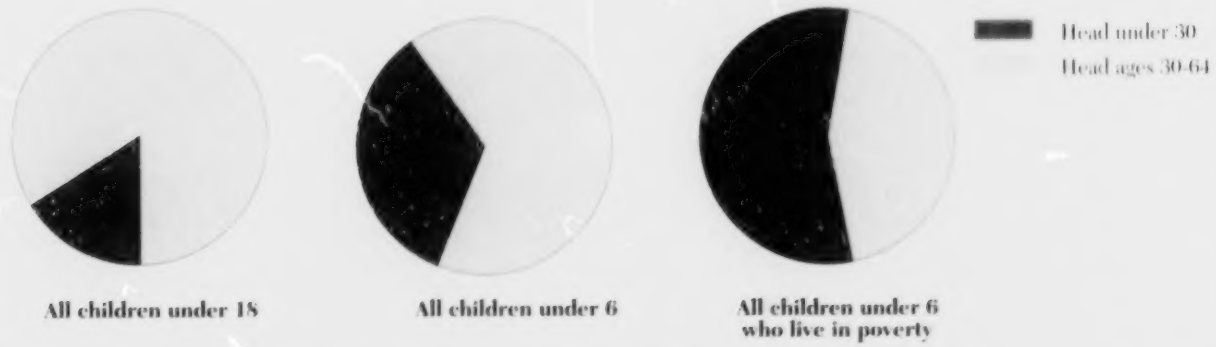
All sectors of society will share the long-term cost of this early poverty. The private economy alone is projected to suffer substantial productivity losses—reflected in lower quality of work, fewer goods and services produced, and a loss of wages and sales—as children grow to become less educated, less effective workers as a result of the poverty they experience while living in a young family.

Action

In order to avert the intolerably high human and economic costs of child poverty, state and federal governments must continue to provide **a safety net for the poorest children,** including those who lose federal help under the new welfare law, and ensure that no child is ever deprived of food, clothing, shelter, or medical care. Some such help will always be necessary to cover ill and unemployable family members, economically devastated communities, and the lowest paid families, even if the nation succeeds in reducing the need for a safety net by enacting the broader work- and family-based structure recommended here.

Figure H

Children and Young Poor Children, by Age of Family Head, 1994



SOURCE: Tabulations of Census II mean data by the Children's Defense Fund

10. The high rates of children's poverty in young families are unnecessary.

- If the fruits of economic growth had been shared equally among all families between 1973 and 1994—that is, if the income of every type of family had grown at the same rate as the average U.S. family's income—then the median young family with children would have seen its income rise by 15 percent instead of falling by 33 percent.
- Three out of four poor children in America's young families would no longer be poor if government benefits lifted them out of poverty in the same proportion as elderly Americans ages 65 and older.
- Three out of five would no longer be poor if government benefits lifted them out of poverty in the same proportion as the British government lifts all British children out of poverty. ■

Conclusion

America has always found ways to open new opportunities for young families. Even before Horace Greeley advised young men to "go west" to "build up [their] home and fortune," early land laws guaranteed there would be schools for their children. In the 1840s and 1860s, Congress ensured that families who moved West would have affordable homesteads to farm and live on and publicly financed land-grant colleges to train their children. When families faced economic crisis in the 1930s, the federal government created jobs and built housing, roads, and other public works. In the 1940s and 1950s, the GI bill helped a generation of young veterans attend college, start a business, and buy a home. As education became even more important, the 1960s saw major expansions in college aid for young adults and innovations like child nutrition programs and the highly successful Job Corps. At every step in America's history, national initiatives helped successive generations of young Americans to make a strong start. Families prospered most when government policies emphasizing education and job opportunities coincided with strong economic growth and with private sector policies that shared the fruits of rising prosperity with employees at all levels.

That commitment has been replaced by declining attention of both the public and private sectors to the needs of young families. Only by acting together now can Americans restore the economic future of young families and ensure that they receive their fair share of the nation's resources. If parents are given the tools they need—decent education, child care and health care assistance, and access to jobs at decent wages—and are given a solid foundation from which to build, as are parents in other wealthy nations (such as a refundable child tax credit, paid parental leave, and consistent child support for single-parent families), then parents' own work efforts will almost always be able to eliminate the threat of poverty for their children.

Who are young families with children?

Young families, those headed by someone under age 30, are in many ways the basic building block of American society. Nearly half of all American children are born into young families and spend some or all of their developmentally pivotal early years with a parent under 30.[1] Young families account for 43 percent of all babies younger than age 1, as well as 38 percent of toddlers between ages 1 or 2 and 29 percent of all preschoolers ages 3 to 5. As the children grow older, more of their parents reach and pass age 30. Still, in the latest available figures young families were home to one out of every six American children younger than 18.

Young families are also where the vulnerabilities of early childhood meet the developmental dangers of poverty. Nearly two out of three poor children younger than three (62 percent) live in young families. So do the majority (52 percent) of near-poor young children from birth to 3-years-old, with family incomes between 100 percent and 200 percent of the poverty line.

Young families also form the cradle of marriage in the United States. Although marriages are less common than they were 20 years ago, they usually take place when the couple is younger than 30. Likewise, when marriages fail to form, resulting in an out-of-wedlock birth, this failure most often happens when the parents are young. Americans younger than 30 account for three out of five (60 percent) of all marriages nationwide and 84 percent of out-of-wedlock births.

Young parent does not mean teen parent. Only 3 percent of young families with children were headed by someone younger than 20. Two out of three young families with children were headed by someone ages 25 to 29.

The total number of young families with children stood at 5.8 million in March 1995, down from 6.9 million in March 1974, while families with children headed by parents of any age increased in number from 31 million to 37 million *(see Table 1)*. The composition of young families has changed during the last two decades, reflecting broad social trends such as declines in marriage, more immigration, and a tendency to delay childbearing, particularly among the well-educated. Married families declined from about four out of every five young families with children in 1974 to about three out of five in 1995. Black and Hispanic families increased as a proportion of the total.

The educational level of young families generally has risen in recent years, but the improvement has been uneven. Although the number of young families headed by someone who completed at least one year of college has increased since 1974, all of the increase was among those who finished less than four years of college. (This growing group includes both those who enrolled in a community college or other short-term program, and those who began a full four-year college program but later dropped out.) As described below, the number of young family heads finishing a bachelor's degree actually shrank from March 1974 to March 1995.

The average size of a young family with children is 3.3 members, including 1.7 children. The size of young families has remained relatively stable since the 1970s.

Subfamilies: Families Who Do Not Have Their Own Households.

The figures shown above, and throughout almost all of this report, refer to young families who have succeeded in establishing independent households. We focus on these families because much of the historical statistical information used in this report is limited to such independent families. By definition, however, such figures leave out a large group of young parents who live doubled up in the homes of family members or housemates. In 1994, there were 1.6 million such young doubled-up families (called *subfamilies* by the Census Bureau) living in someone else's house or apartment and headed by someone younger than 30. They accounted for more than one in five young families overall.

The special problems facing these young subfamilies are described on pages 36-39 of this report. Throughout the rest of the report, however, it is important to remember that on average these subfamilies, who are left out of the statistics, face even greater strains than other young families. They have less education, they are less likely to be married, are far more likely to live in crowded housing, and—were it not for the incomes of extended family members with whom they often live—they would be much poorer than other young families. By leaving them out, therefore, we have understated the problems of young families overall.

Table 1

Profile of Young Families with Children, by Characteristics of Family Head as a Percentage of All Young Families with Children, March 1974 and March 1995

	1974	1995
Total under 30	100%	100%
Head under 20	3	3
Head ages 20-24	31	31
Head ages 25-29	66	66
Married couples	82	59
Male headed	1	5
Female headed	18	36
White Non-Hispanic	77	61
Black Non-Hispanic	15	20
Hispanic	7	17
Other Non-Hispanic	1	3
Student*	2	4
High school dropout	26	24
High school only	46	33
Some college	15	26
Completed college	12	7

* Education data for 1974 and 1995 are not precisely comparable because of differences in the definition of a student. Students in the 1974 figures are defined as persons who said their major activity last week was school. Students in 1995 are defined as persons ages 16 to 24 who say they are enrolled full- or part-time in a high school, college, or university. In both years, figures for the other education categories exclude students.

Note: Figures do not include young subfamilies living doubled up in someone else's home or apartment.

SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

Findings

An economic disaster has struck young families with children, driving down their median income by one-third since 1973.

The typical, or median, income of young families with children fell an astounding 33 percent between 1973 and 1994—a loss greater for them than the 28 percent decline in overall per capita personal income that occurred during the Great Depression from 1929 to 1933 *(see Figure 1)*.

Older families and childless families have fared much better. Typical income for older families with children has fallen 4 percent since 1973. Young childless families' incomes are about the same as they were in that year. And older childless families are actually better off than they were in 1973.

The typical young family with children now makes less than $20,000 per year, down by nearly $10,000 (in 1994 dollars) from what the corresponding family made in 1973 *(see Table 2)*. This drop in income represents the loss of a huge portion of young families' buying power. For example, it is more than the entire amount the average family with children spent per year in 1972 and 1973 on housing, utilities, and food combined.

Deep losses have hit all types of young families, regardless of race or marital status—but the least advantaged groups have been hit hardest of all.

Sweeping across lines of race and family structure, double-digit income losses have struck every type of young family with children. Among Whites, for example, the loss in typical income was 22 percent from 1973 to 1994.

Young two-parent families lost 12 percent of typical family income during the same period—and would have lost much more, had not young mothers greatly increased the amount of

Table 2

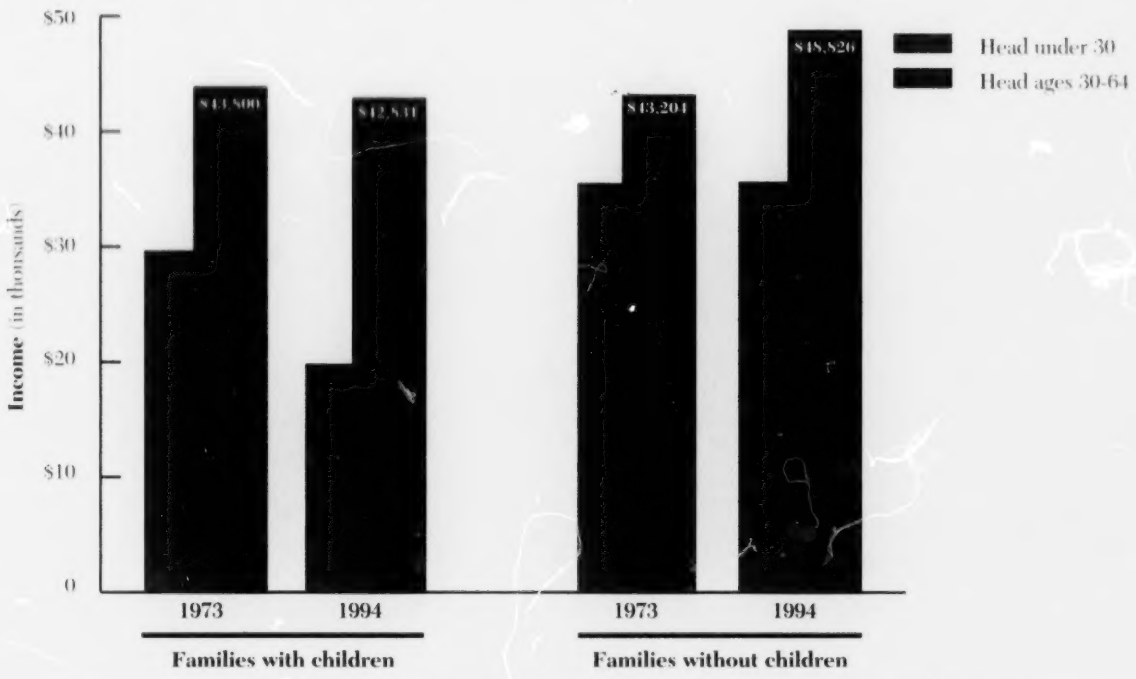
Median Earnings of Young Families with Children, 1973 and 1994

	1973	1994	Percent change
Total	29,611	19,786	-33%
Married	33,005	29,100	-12%
Single father	19,780	15,000	-24
Single mother	10,624	8,316	-22
White Non-Hispanic	31,436	24,386	-22%
Black Non-Hispanic	19,153	10,380	-46
Hispanic	21,014	15,100	-28
Other Non-Hispanic	27,543	21,600	-22

SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund. Adjusted for inflation using CPI-U-X1 inflation measure. Amounts are in 1994 dollars.

Figure 1

Change in Median Income, by Age of Family Head and Presence of Children, 1973 and 1994



SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund. Adjusted for inflation using CPI-U-X1 inflation measure.

time they spent in the paid work force. Between 1973 and 1994, married mothers ages 25 to 29 increased the average amount of time they worked for pay from 18 weeks to 29 weeks per year. By contrast, the typical annual earnings of a young married father dropped by 30 percent between 1973 and 1994. The husbands' losses were partially hidden in the official family income statistics by the growing earnings of young wives. Two-parent families also bore hidden costs, however, including growing expenditures on child care. Although figures are not available on young families' income after child care costs, if such figures were available they would show even deeper losses than 12 percent.

The groups of young families that started with the lowest incomes tended to suffer the greatest percentage losses (*see Table 2*). Single-mother families lost 22 percent; single-father families lost 24 percent; Hispanics lost 28 percent; and Black young families lost a stunning 46 percent. In 1973, the median young Black family with children made $19,153 annually. A generation later, it was making only $10,380—less than the poverty line for a three-person family. As a result, more than one-half of young Black families with children are now poor.

Young families without a college degree have been devastated.

Less educated families bore by far the deepest economic losses. Typical income for young families headed by a high school dropout dropped by nearly one-half (47 percent) from 1973 to 1992. The poverty rates of children in these families soared—rising from 39 percent to 66 percent during the same period. (A *dropout* here refers to a person who did not finish high school and whose "major activity" during the week prior to the survey was not school. Data on dropouts, defined in this way, are not available after 1992.)

Table 3

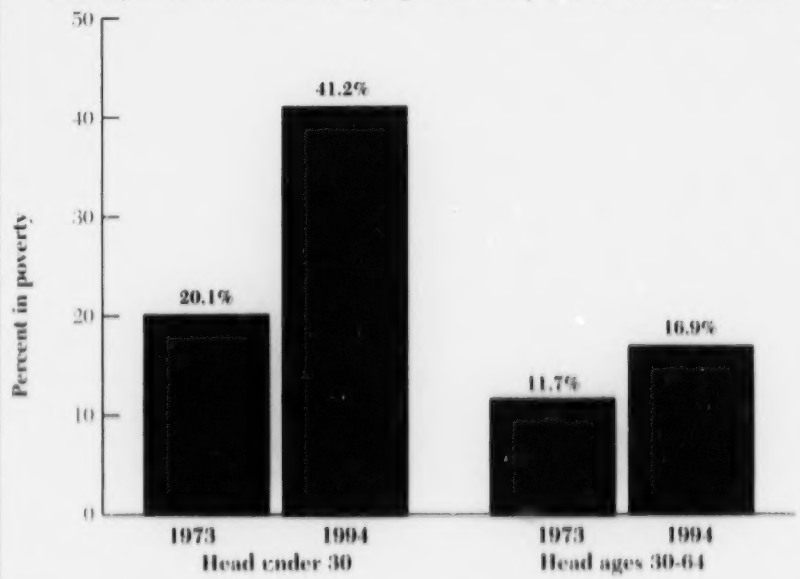
Poverty Rates of Children, by Age of the Family Head and Selected Family Characteristics, 1973 and 1994

	1973	1994
Head under 30	20.1%	41.2%
Married	7.9	20.4
Single father	21.0	36.5
Single mother	7.9	73.2
White Non-Latino	12.1	28.6
Black Non-Latino	47.4	64.4
Latino	35.0	51.4
Head ages 30-64	11.7%	16.9%

SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

Figure 2

Poverty Rates of Children, by Age of Family Head, 1973 and 1994



SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

Finishing high school provided scant protection. Young families headed by a parent who finished high school but not college (and whose major activity was not school) lost 37 percent of their income from 1973 to 1992. Child poverty rates tripled in these families—rising from 13 percent in 1973 to 40 percent in 1992. Even when the head of the family finished some college (but not a full four years), median family income fell by 22 percent.

Only young families with at least a four-year college education avoided income losses during this period: their incomes rose 14 percent from 1973 to 1992. While precisely comparable figures are not available after 1992, other data show few improvements by 1994.[3]

Rising college costs and inadequate financial aid have combined with demographic shifts in the composition of young families to steadily lower the proportion of young family heads with college degrees during the last two decades—from about 12 percent in March 1974 to about 7 percent in March 1995.

Even as the importance of a college education rises, families have faced increasing difficulty obtaining that education. The average cost of tuition, room, and board at a public college rose 45 percent in inflation-adjusted dollars from 1980 and 1994, according to the U.S. Department of Education.[3] The Department of Education also found that college costs equaled 26 percent of a moderate annual family income in 1994, up from 16 percent in 1975.[4]

Although student aid helps defray the cost of college, the average student from a lower middle-income family only received enough grant aid to pay 35 percent of his or her tuition and fees in the 1992-1993 school year.

When other costs of college (such as room and board, books, transportation, and child care) and other kinds of assistance (loans and work-study) are accounted for as well, the Education Department found, the same student's aid covered only 28 percent of the total cost of college.[3]

Two out of every five children in young families are now poor.

In 1994, two out of every five children in young families (41 percent) lived below the federal poverty line—a proportion that has doubled since 1973 (20 percent). Poverty rates climbed for every racial group of young families and for two-parent and one-parent families alike *(see Table 3 and Figure 2)*.

Among older families, child poverty has increased, too, but far less dramatically. One out of every six (17 percent) children in older families is poor, up from one in nine children in 1973.

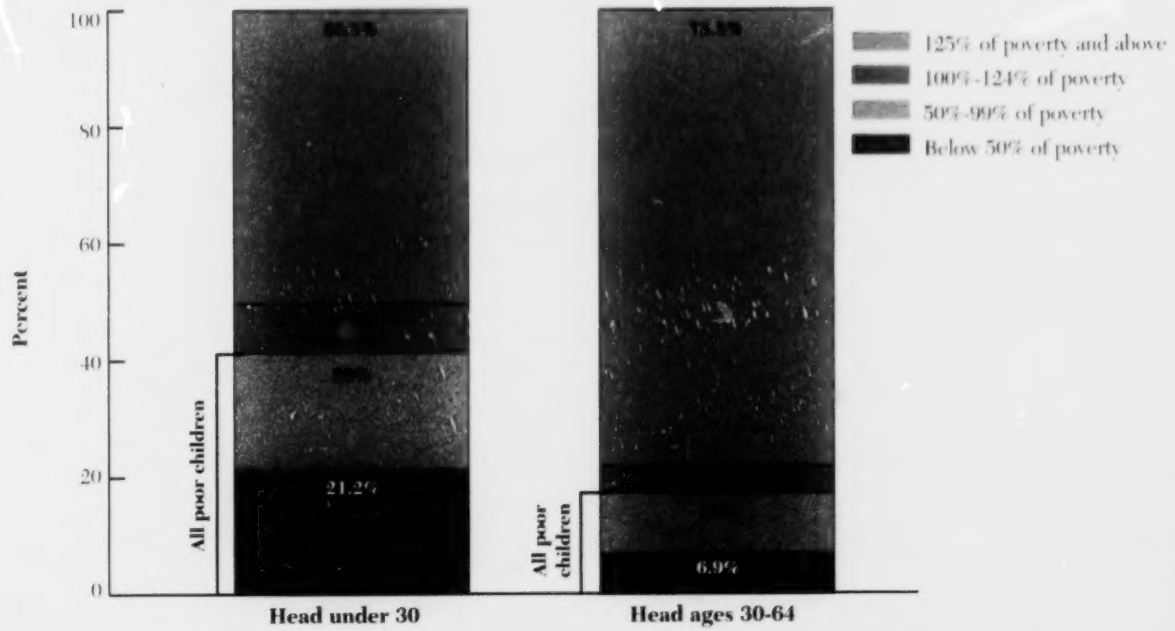
Counting both officially poor children and those whose families teeter near the brink of poverty, one-half of children in young families (49.7 percent) were poor or near poor (with family income below 125 percent of the poverty line) by 1994 *(see Figure 3)*.

The poverty experienced by young families is not only frequent but is unusually severe. To be counted officially among the poor, a three-person family needed to have total annual cash income in 1994 less than $11,821, equivalent to $227 per week. For a family of four, the poverty line was $15,141, or $291 per week.

Most families in poverty have incomes far below these official thresholds. The average young family with children in poverty received only $7,051 in income in 1994, equal to $5.59 per person per day. Their entire annual income in 1994 was less than what the average well-to-do household (making $70,000 or more) spent just on entertainment and eating out ($6.84 per person per day). Poor young families with children make less in a year than these well-to-do households spend just on cars and other vehicles ($10,571).

Figure 3

Children, by Age of Family Head and Ratio of Family Income to Poverty, 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund

More so than other poor children, those in young families suffer rock-bottom poverty, with family incomes below one-half of the poverty line. More than half (51 percent) of all poor children in young families suffered such rock-bottom poverty in 1994, compared with 41 percent of poor children in families headed by someone ages 30 to 64. Half of the poverty line in 1994 was $5,911 per year for a family of three.

More and more young families are poor despite working.

Work, not school or job-hunting, is the main activity of parents who head young families. Four out of five heads of young families with children, or 80 percent, worked during some or all of 1994. Another 3 percent looked for work but never found any during the year. An additional 3 percent stayed out of the labor force in order to pursue more education. Just 10 percent were out of the work force during the year and received income from public assistance.

Poverty has spread quickly among young working parents and their children. Among young families with children headed by someone who worked all year, poverty rates tripled from 1973 to 1994 *(see Figure 4)*.

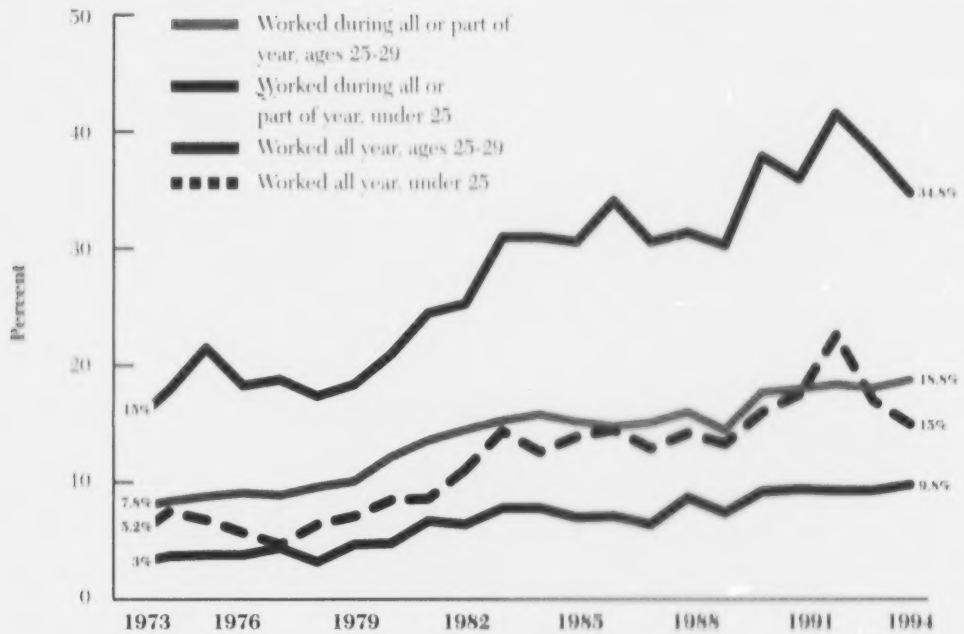
The likelihood of living in poverty also has doubled since 1973 for young families headed by someone who worked during at least part of the year—rising to nearly one in every five families headed by a 25- to 29-year-old parent (19 percent) in 1994. Among the relatively small number of very young families headed by someone younger than 25, more than one in three working families is now poor.

In total, 1.2 million young families with children had one or more family members (usually the family head) who worked at some point during 1994, yet the family was still poor. These working poor families comprise more than three out of five (61 percent) of all poor young families with children *(see Figure 5)*.

Looked at differently, more than one out of every four children in young working families (29 percent) was poor in 1994, despite the family member's work. For children in the youngest working families (those headed by someone younger than 25), an astounding two in five (or 40 percent) were poor.

Figure 4

Poverty Rates of Families with Children, by Age and Employment of Family Head, 1973 to 1994



SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

27

The 1990s: Young families are still bearing the brunt.

During the last recession, which lasted officially from 1990 to 1991, and through the current economic recovery, young families have continued to suffer falling income and rising poverty. In the five years from 1989 to 1994, median income for young families with children dropped by 16 percent *(see Figure 6)*.

Many older families lost ground as well. But the percentage decline in median income for young families with children from 1989 to 1994 is four times greater than the comparable decline among older families, with or without children.

Poverty rates, too, have worsened since 1989. The poverty rate for chil-

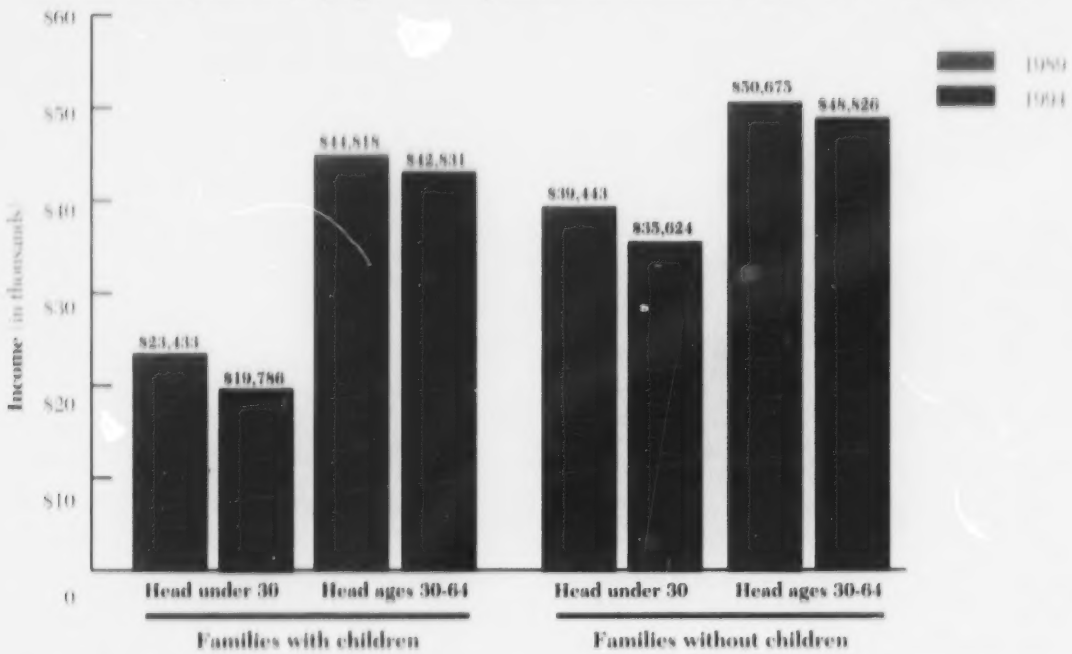
Figure 5

Young Families with Children Below the Poverty Line, by Presence of Worker in the Family, 1994

SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund

Figure 6

Median Family Income, by Age of Family Head and Presence of Children, 1989 and 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund. Adjusted for inflation using CPI-U-X1 inflation measure.

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dren in young families started higher and rose faster than for children with older parents *(see Figure 7)*.

Despite the generally strong economy, not all economic data show improvements since 1994. Unpublished Bureau of Labor Statistics figures for workers paid hourly rates show steady declines in hourly wages *(see Table 4)*. For all ages, average hourly wages (in 1996 dollars) were $10.30 in 1994, $10.13 in 1995, and $10.03 in 1996. Compared with older workers, young workers' relative wage disadvantage remained stable as well. For an average hour of work, young workers ages 20-29 were paid about $0.73 per dollar earned by someone age 30 or older in 1994; $0.74 per dollar in 1995; and $0.74 again in 1996.[8] In sum, it is doubtful that the short-term and mixed gains in the economy since 1994 are strong enough to have much effect on the massive, steady, and persistent long-term losses affecting young families.

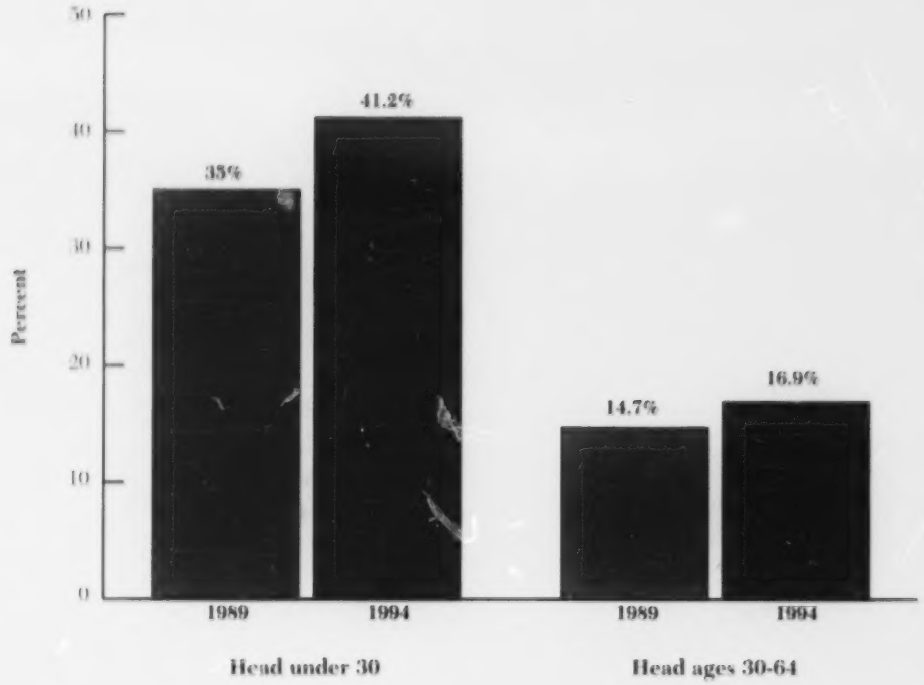
Health coverage from employers is eroding sharply for children in young families.

Rapid income losses for young families with children have been driven in large part by falling wages paid to young workers by employers (as described below). At the same time employers have cut workers' wages, they have been making it increasingly difficult for the children of these workers to obtain private health insurance. Fewer and fewer children in young families receive health care coverage through their parents' employers, and these losses are far more dramatic than for children in older families.

From 1989 to 1994 alone, the proportion of children in young families covered by private health insurance at any time during the year plunged from 59 percent to 45 percent—a stunning drop of one-quarter in just five years! *(see Table 5)*. Even in young families where someone was employed steadily throughout the

Figure 7

Poverty Rates of Children, by Age of Family Head, 1989 and 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund

year,[8] private health coverage for children plummeted—from 78 percent of children in 1989 to 65 percent in 1994.

In older families, private coverage for children has been declining, too, but the change has not been as rapid as for young families. Three out of four children in older families had private insurance in 1994.

Working parents have found it increasingly costly to get employer-provided health care for their children, as employers and insurers have charged workers more and more for dependent coverage that used to be inexpensive or free. Even among workers who are themselves covered by a company health plan, three out of four (or 76 percent in 1993) are being told they must pay extra to add family members to their insurance, up from one in two (56 percent) in 1983. And the average amount they must pay more than doubled in inflation-adjusted terms during the same 10 years.[9]

Young families' sharper declines in private health coverage may result from sharper health coverage losses in the industries and occupations in which they work. Changes in the labor market, from jobs with good benefits toward more temporary jobs with fewer benefits, have likely had disproportionate effects on the young. An alternative explanation may be the singularly low and falling incomes of young families. With less money to pay premiums that would cover their children, young parents may be less able than older parents to afford the rising premiums charged to workers who want health coverage for family members.

The recent declines in private health coverage continue a pattern first observed in the 1980s. From 1977 to 1987, the proportion of all children covered by private health insurance year-round, without interruption, fell from 71 percent to 63 percent,[10] according to earlier surveys by other federal agencies.

In total, 10 million children—including 1.3 million in young families—had no health care coverage at all throughout 1994.[11] But despite the decline in private coverage, the proportion of children in young families who are wholly uninsured has held fairly steady during the last five years, thanks to simultaneous increases in Medicaid enrollments.

Expansions in government-provided Medicaid coverage, passed by Congress in the 1980s and signed by Presidents Reagan and Bush, have contributed to growing enrollments of children in Medicaid for poor and near-poor working families. The expansions started with young children and are being phased in gradually to cover all children.

Table 4

Estimated Average Hourly Wages for Workers Paid by the Hour (in 1996 Dollars)

	1973	1989	1994	1996	1973 to 1996	1989 to 1996
Workers ages 20-29	$10.67	$9.02	$8.56	$8.35	-21.7%	-7.4%
Workers 30 and over	12.08	11.66	11.67	11.32	-6.3%	-2.9%
Ratio of young to old	0.88	0.77	0.73	0.74		

SOURCE: Unpublished data from the Bureau of Labor Statistics, calculations by the Children's Defense Fund. Adjusted for inflation using the CPI-U-X1 inflation measure.

Table 5

Distribution of Children, by Health Insurance Status and Age of Family Head, 1989 and 1994

	1989	1994
Head under 30		
Private insurance	59.4%	45.1%
Medicaid	30.4	45.1
None	14.2	13.8
Head ages 30-64		
Private insurance	79.9%	73.8%
Medicaid	10.6	16.6
None	11.4	11.9

Notes: Figures do not add to 100% because insurance categories overlap. Some children were covered by both private insurance and Medicaid during the year. In addition, a small number of children covered by other public programs (Medicare and Champus for armed forces families) are not shown. Figures were tabulated using each child's individual person-weight. (see Appendix explaining sampling weights).

SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund.

As a result, Medicaid has become the principal source of health coverage for children with young parents. Medicaid now insures nearly one out of every two children in young families for at least part of the year (45 percent), up from about one in three (30 percent) in 1989. In older families, Medicaid covers only one in six children.

The children who gained Medicaid in many cases were not the same ones who lost private insurance. For example, only about half of children who lost private health insurance between 1989 and 1992 ended up with Medicaid.[12] As a group, children who gained Medicaid tended to be poorer than those who lost private insurance. Nonetheless, on balance, the expansion of Medicaid kept the total proportion of uninsured children in young families from rising during this period.

Yet Medicaid expansions cannot make up for children's declining private health coverage forever. Expansions in coverage legislated during the 1980s already have been completed for all children younger than 14 as of September 1997—an age range that encompasses virtually all children who live in young families. Therefore, although these scheduled expansions in Medicaid rules will gradually cover other poor children ages 14 and older, these expansions will not help children in young families.

While some additional children in young families may continue to enroll as parents learn about Medicaid for the first time, their numbers are likely to be relatively small. From 1992 to 1994, for example, the proportion of children in young families covered by Medicaid grew by half a percentage point (to 45.1 percent). During the same two years, the proportion with private health insurance dropped by 5.5 percentage points (also reaching 45.1 percent). Thus, while the effects of previously enacted Medicaid expansions appear to be slowing to a halt for younger children, the decline in private insurance continues unabated.[13] ■

Why are young families with children poor and getting poorer?

Two major reasons for the downward economic slide of young families with children are (a) the dwindling earning power of many young workers and (b) demographic changes, led by the decline in marriage. The first cause also fuels the second: Some of the decline in marriage appears to be preceded and triggered by the growing economic strains on young parents.

A third major force in the financial well-being of young families—changes in government benefits—has played different roles at different times, sometimes fueling children's poverty and sometimes easing it in response to federal and state policy choices. Dramatic crossnational comparisons of children's assistance, regardless of the age of the parent, have also revealed that the levels of assistance offered by a nation can drastically affect the level of poverty among its children, and that—to our shame—no industrialized nation does less to help its children escape poverty than the United States. Most recently, further unprecedented cutbacks in aid to low- and moderate-income families may trigger far deeper poverty on a wide scale for many of America's children, particularly those in young families.

Young workers are earning less and less.

Most young workers find themselves stranded on the wrong side of a widening economic gulf between rich and not rich, expe-

rienced and less experienced, college-educated and everyone else. Starting in the 1970s, employer demand began fading rapidly for workers without advanced skills or extensive work experience. At the same time, productivity growth slowed: the economic pie continued to grow but not as fast as in earlier decades, and the benefits of the remaining growth were funneled to the wealthiest, best educated, and most tenured workers.

The young and the less advantaged have been left behind. The greatest losses were felt by young workers who found themselves unprotected by age and seniority or a college degree.

Falling hourly wage rates illustrate the problems facing young workers *(see Table 4)*. Average hourly pay dropped by one-fifth (22 percent) from 1973 to 1996 for all hourly wage earners in their 20s, after adjusting for inflation. This percentage loss is four times larger than that endured by older hourly workers during the same period. In relative terms, young hourly workers have seen their wages drop to 74 cents per dollar earned by an older worker, down from 88 cents per dollar in 1973.

At the same time wages have fallen, stable employment of any kind became harder to find for many young workers, including young parents, while part-year work has increased. The proportion of 25- to 29-year-old married fathers and single parents[11] working full time year-round, for example, dropped from 69 percent in 1973 to 62 percent in 1994. Among the youngest family heads, steady employment dropped even more. One-half (54 percent) of married fathers and single parents under age 25 worked full time year-

Missing the Story?

Media Neglect of Young Workers Without College Degrees

The disproportionate problems of young, non-college-educated workers have gained little attention from the public or the media. News reports in the 1990s have been more likely to focus on older, white-collar victims of corporate downsizing. In a special seven-part series on downsizing in 1996, for example, *The New York Times* vividly portrayed the hardships of five downsized workers whose ages ranged from 47 to 58. In reality, however, the majority of victims of downsizing in the mid-1990s (56 percent of job losers in March 1995) were in their 20s and 30s. Only one-third were in their 40s or 50s.

Even more ominous than downsizing, in the long run, were wage declines. While most downsized workers found new jobs, the new jobs often paid poorly. Wages also lost value for young workers overall—including first-time job holders and others as well as downsized workers. From 1973 to 1995, the value of workers' wages dropped four times faster for workers younger than 30 compared to those over 30. At the same time, relative hourly pay among the younger group slipped from 88 cents per dollar to 73 cents per dollar earned by older workers.

It is easy to imagine how journalists might overlook the economic problems of young workers without college degrees. Journalists and editors may identify with college graduates and want to write about their woes. The readers of leading newspapers and magazines may identify more with college graduates, as well, and prefer to read about them rather than non-college workers.

Similarly, regardless of education, the financial troubles of older workers are easier to report for a number of reasons. For example, many people assume that young workers will go through some turbulence, followed by steady advancement later in life, making older workers' economic strains appear more newsworthy even when their troubles are mild compared with their younger peers. Furthermore, an older worker's plight can be contrasted directly with his or her own past personal success. If a well-paid job for a 55-year-old worker is replaced by a poorly paid job, the reporter can trace the history of the workers' falling wage over a period of several years with ease. It is harder to illustrate the young victim of the entry-level factory job never created or the fast-food job that never offered a promotion. The story of individual young workers is increasingly the story of ordinary opportunities and advancements that did not happen—losses that nonetheless have had a devastatingly powerful effect on the economic well-being of children. ■

round in 1973, compared with just over one-third (38 percent) in 1994. During the same period, part-time and part-year employment increased for both age groups of young families (*see Table 6*).

Like wages, employment levels among young parents have dropped further and further below those of older parents. Among fathers and single mothers ages 30 to 64, fully 73 percent worked full time year-round in 1994.

There is no evidence that young parents' loss of full-time work reflects any fundamental weakening of the work ethic among young Americans. While there is strong evidence of a decline in employer demand for young workers—most obviously visible in the dramatic decline of hourly wages offered by employers—young workers themselves still appear ready to jump at work opportunities, if and when they arise.

Those who worry about the work ethic of young Americans often focus their strongest concern on the declining labor market attachment of young Black men living in the inner city. Yet research shows clearly that these young men do take jobs when they are available. In the 1980s, for example, after an unusual growth spurt in the local economy made Boston-area employers more eager to hire, Black youths flocked to these jobs. According to Harvard University economist Richard B. Freeman, who studied the Boston boom period, each percentage-point decrease in the local unemployment rate raised young Black men's employment by more than 4.0 percentage points.[15] But many new jobs do not lead to economic security. Instead, collapsing wages and unstable jobs have left fewer and fewer young Americans able to support a family—even when they can find work year-round.

This can be seen clearly in a recent Census Bureau analysis of 25- to 34-year-old men who worked full time all year. In 1979, nearly two out of every three of these working men (65 percent) earned enough to lift a wife and two children to a comfortable lifestyle, with earnings above twice the poverty line. By 1994, fewer than half (45 percent) earned this much. At the same time, the proportion with annual earnings below the four-person poverty line more than doubled, reaching one out of every eight full-time, year-round working men in 1994 (13 percent).[16]

Nor do young workers' earnings show signs of accelerating by age 30 to begin catching up to previous generations. Instead, one team of researchers notes, "rates of earnings growth are comparable" to those of previous generations. Yet because young workers today start from a much lower earnings level, they remain greatly disadvantaged by age 30. As a result, when the researchers followed a nationally representative group of young male workers who turned 21 in the 1980s, fewer than one in three of those who had not attended college (31 percent) achieved "middle-class" earnings by age 30—down from nearly one in two (47 percent) in an earlier generation that came of age in the 1970s. Among young men whose parents were poor or near-poor, only one in five (20 percent) achieved middle-class earnings by age 30—down from one in four (27 percent) in the earlier generation.

Even young workers whose parents had wealthier backgrounds found that it took a much longer time to climb back into the middle class than it used to. "If anything, the reduction in mobility is greater for workers from more advantaged backgrounds," the researchers noted. For example, for men advantaged by a parental income level of more than four times the poverty line, the drop in the proportion with middle-class earnings by age 30 was nearly 20 percentage points, from 74 percent to 56 percent.[17]

Underlying the 20-year trend of widening wage gaps between workers at different levels of income, experience, and education are a number of deeper interrelated shifts in the economy. Some of these changes have affected workers around the globe

Table 6

Annual Work Patterns of Young Family Heads, 1973 and 1994

	1973	1994
Head ages 25-29		
Worked during the year	90%	87%
Full time year round	69	62
Part time and/or part year	21	25
Head ages 16-24		
Worked during the year	83%	76%
Full time year round	54	38
Part time and/or part year	29	38

SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund

while others reflect public policies and employer practices peculiar to the United States. All of the shifts hurt less skilled workers, especially the youngest and least experienced workers, who do not yet have their foot in the door because they lack enough seniority or on-the-job training to maintain their hold on a job. According to experts, these changes include:

- a shift from well-paid factory jobs toward lower paid industries, such as health care services and temporary office work;
- technological advances (such as computers and telecommunications technology) that reduce employers' need for all but the most skilled workers or make it easier for companies to use subcontracted, short-term, or foreign labor;
- changing business practices, such as "outsourcing" more jobs to lower paid or temporary workers;
- the shrinkage of labor unions, which deprives many blue-collar workers of the higher wages and benefits associated with union representation;
- the growing exportation of clerical and production jobs overseas—which forces less skilled American workers to compete against lower paid workers abroad—as well as immigration by lower skilled workers at a rate that (while quite low by pre-World War II standards) is higher than in recent decades; and
- the declining buying power of the federal minimum wage, which, even after its scheduled increase to $5.15 in September 1997, will still be 20 percent below its average value during the 1960s and 1970s.

Although experts often disagree about the relative importance of each of these changes, most agree that a combination of several changes at once, rather than any one by itself, is to blame for the widening gaps between workers based on wage, age, and educational level.

Moreover, at the same time wage gaps were widening, other factors were slowing the pace of growth in worker productivity (output per hour of work). Economists are still unsure what caused this slowdown, which began in the early 1970s. Yet because of the slower overall growth, national income growth slowed as well, so that the widening gaps between rich and poor workers resulted not only in slower wage growth for those at the bottom but also in actual wage declines.[18]

What is undisputed is that the United States presently has no serious commitment—through stimulating employment and economic growth, providing comprehensive training, or other means—to counter the slump in young workers' wages.

Marriage has become less common, partly because of economic strains.

The economic profile of young families also has been influenced by demographic changes, including shifts in family structure and in the racial and ethnic makeup of young parents. By far the most important of these changes is the shift toward more single-parent families.

The number of families headed by single parents younger than 30 nearly doubled between March 1974 and March 1995. Single mothers now comprise 36 percent of all young family heads with children, twice their share in 1974 (18 percent). Single fathers make up 5 percent of young family heads, up from 1 percent in 1974.

Never-married parenthood in particular has spread, while parenting by married and, more recently, divorced couples has declined. From March 1984 to March 1994, the number of children living with one never-married parent younger than 30 grew by 61 percent. The number of children living with young married parents dropped 25 percent. Divorce, which spread during the 1970s, has changed course and is now becoming less common: Since March 1984, the number of children with a young divorced or separated parent has shrunk 18 percent.

The sweeping changes in family structure play a major role in the economic status of young families. Because young single-mother families have less than one-third the median income of young two-parent families and are four times more likely to be poor, a substantial share of the falling incomes and rising poverty among young families is clearly related to these changes in marital status (*see Table 7*).

The family incomes of young single parents are diminished in numerous ways. Not only do their families lack the earning power of the absent parent, but young single parents' own earnings are typically very low—because they are young, because most are women and receive women's historically lower pay, and because single parents in general tend to have less education than their married peers.

Table 7

Poverty Rates and Marital Status of Young Families with Children, by Family Type, 1973 and 1994

	Percent in poverty		Distribution of families	
	1973	1994	1973	1994
Total	15.6%	34.5%	100%	100%
Two parents	6.2	15.7	82	59
Mother only	59.0	65.7	18	36
Father only	16.4	33.6	1	5

SOURCE: Tabulations of Census Bureau data by the Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund.

Furthermore, young single parents also receive far less child support from the absent parent than their older counterparts. Compared with older single parents, they are far less likely to receive any child support at all: about one in three young single parents got some support in 1994, compared with one-half of older parents. When they do receive anything, the payments are smaller (averaging less than $2,200 per year versus more than $3,800 for older parents).

Yet determining the true impact of single parenthood itself on the economic situation of young families is not as simple as it may seem, in part because declines in marriage can be a result of economic distress as well as a cause. It has long been known that economic factors can exert a powerful influence on marriage. More than 200 years ago, Benjamin Franklin observed that when families can be easily supported, more persons marry and they do so earlier in life. Conversely, greater economic strain may lead to fewer or less enduring marriages. Since the Great Depression, demographers have noted that hard times often are a harbinger of increased marital strife and divorce.

More recent research has confirmed that low and falling earnings, rising inequality, and poverty frequently happen before the divorce, separation, or out-of-wedlock childbearing that are associated with them. Specifically,

- Men and women have traditionally been reluctant to marry when the father cannot support a family. Men in their 20s whose earnings exceed the three-person poverty line are twice as likely to be married as men who do not earn enough to keep a family out of poverty.[19]
- Poor two-parent families are twice as likely to break up as those that are not poor, according to a government study that followed couples over a two-year period. This doubling in the breakup rate occurs among both poor Whites and poor Blacks.
- Between at least 1968 and 1988, the trend toward children living with a single mother roughly doubled its pace during recession years, on average, and then eased off during years of economic growth, suggesting that economic strain often contributes to single parenthood.[20]
- Children whose fathers leave home tended to be poorer than children from stable homes even before the break-up occurred, according to a Census Bureau study. Shortly before the fathers left, these children had a 75 percent higher poverty rate than their peers from stable two-parent families (21.3 percent versus 12.1 percent), reflecting the relatively low initial standard of living among couples who later break up.[21]

One striking implication of these patterns is that the economic problems of one-parent families cannot always be cured simply by reuniting the parents. In fact, when Census Bureau researchers examined the large income gap between families where the father stayed and where he left, they found that more than one-half of the relative disadvantage suffered by the fatherless families (measured either by income per family member or by likelihood of living in poverty) had existed *even before* the father had departed. Reuniting these fathers with their children might be good for children in other ways, but doing so would not erase their economic disadvantages.[22]

A related conclusion is that declines in marriage among young families with children, while important, almost certainly deserve a smaller share of the blame for young families' economic plight than it might appear. Many past analyses of family breakup have ignored the relatively low earning power of many absent parents and therefore overstated the potential economic benefits to the family of reuniting with the missing breadwinner. When the low incomes of absent parents are taken into account, the decline in marriage is substantially less important than other factors such as falling wages in explaining the growing economic distress of young families with children.

The following calculations show two different ways of judging the relative importance of economics and family structure as contributors to the rise of poverty among young families with children. A first set of calculations ignores the lower incomes of absent parents. A second set accounts for their lower incomes. As the results show, accounting for the lower incomes substantially diminishes the economic impact attributed to the decline of marriage.

The first and simplest way to untangle the poverty-causing role of marital changes and the economy is to ask, hypothetically, what would happen to young families' poverty rate if the poverty rates of one- and two-parent families remained at their current high levels but marriage were once again to become as common as it was in 1973. This calculation involves adding up the 1994 poverty rates for young two-parent, mother-only, and father-only families, multiplied in each case by the share of all young families belonging within that family type in 1973 (*see Table 7*).[83] This yields 24.7 percent. Thus, one estimate is that young families' poverty rate would have shot up to almost 25 percent today—roughly halfway between the actual rates for 1973 and 1994—even if marriage patterns had not changed since 1973.

Therefore, it appears at first, that reversing recent declines in marriage could undo about one-half of the actual rise in poverty rates for young families with children between 1973 and 1994. However, this calculation ignores the unusually low incomes of absent parents, and therefore exaggerates their capacity to lift children from poverty if they rejoined the family.

More realistically, if more of today's single parents were married, their children likely would be wealthier than they are now, but still much poorer than other married families—at least 75 percent poorer, for example, if they followed the pattern noted earlier for married families on the verge of separation. That is, if America could persuade more young single parents to marry, it is reasonable to expect that the poverty rate for these new couples would not be 15.7 percent (the rate for other married families) but at least 75 percent higher than this, or about 27 percent. This would mean that restoring past marriage levels would eliminate little more than one-third of the actual poverty growth that occurred among young families with children since 1973.[84] The economy and other factors unrelated to marriage would account for the remaining two-thirds of the poverty increase.

Similar findings for all children, regardless of parents' age, are reported by Donald J. Hernandez, chief of the Census Bureau's Marriage and Family Statistics Branch. Using an approach like the one used here, Hernandez found "the fathers associated with mother-only families tend to have lower incomes than do other fathers. Taking this into account, **the post-1959 rise of mother-only families probably accounts for 2-4 percentage points in current childhood poverty rates."** Further, he concluded, "Most of the poverty experienced by both black and white children . . . would not be eliminated . . . by the (re)unification of fathers with [mothers] for children currently living in mother-only families." That is, even if every single child's parents were married, most poor children would still be poor.[85]

An additional, often ignored point about single-parent families is the role of gender inequality between single mothers and fathers. Young single mothers suffer from far weaker earning power—and consequently far greater poverty—than do young fathers. The poverty rate of young mother-only families in 1994 was twice that of young father-only families, in large part because of this earnings gap. Erasing the gender gap in earnings and incomes would help eliminate much of the poverty among

young single-mother families. In fact, the poverty rate of young mother-only families could be cut in half simply by reducing it to that of young father-only families.

Nonetheless, marital changes—whether caused by lower incomes and economic strain, by broader social and cultural changes, or by a combination of these factors—remain a major influence on young families' income and poverty status. An urgently needed short-term solution is to increase the payment of child support by young absent parents. In the long run, steps are needed to help young families get married and stay together. The most important of these steps is to increase the ability of all young parents to earn enough to support a family.

America lifts far fewer children out of poverty than do other wealthy nations.

Another major cause of high poverty rates for young families with children, regardless of family structure, is this nation's weak system of public benefits for all families with children. Other developed countries routinely protect their children from poverty by compensating for the market and demographic forces that fuel poverty, while to a shameful degree the United States does not. In short, other wealthy nations' governments do far more to lift children out of poverty.

Of 18 industrialized nations in one study,[26] the United States had the highest child poverty rate, the widest income gap between rich and poor children, and the lowest standard of living for the poorest one-fifth of its children. An American child was two times more likely to be poor than a British child, three times more likely to be poor than a French or German child, and at least six times more likely to be poor than a Belgian, Danish, or Swiss child.

America's high child poverty rates cannot be blamed on unusual social or economic problems in the United States, according to the study's authors, Lee Rainwater of Harvard University and Timothy M. Smeeding of Syracuse University, who stated, "Divorce, out-of-wedlock births, and single-parent families are growing in every nation studied. What is uncommon about the United States is its relatively poor response [to the forces that cause poverty . . .]. There is much less in the way of support for both working and nonworking parents in the United States than is found in other nations."

In fact, Rainwater and Smeeding wrote that no industrial nation lifts fewer of its low-income children out of poverty than the United States. Most other developed nations provide enough public benefits so that the majority of low-income children who otherwise would be poor are lifted out of poverty. However, the United States lifts out only one in six such children.

If the United States did as much as other nations to lift all of its children out of poverty, much of the poverty problem in America's young families would disappear.

- Three out of five children in America's young families would no longer be poor if government benefits lifted them out of poverty in the same proportion as the British government lifts British children out of poverty.
- Two out of three children in young families would no longer be poor if government benefits lifted them out of poverty in the same proportion as the French government lifts French children out of poverty.

Even among mother-only families, other industrial nations succeed in lifting most children out of poverty, but America, with our less generous child investments, does not. In Britain, for example, the poverty rate of children in mother-only families falls from 76 percent when government benefits are not counted to 19 percent when benefits are counted. In the United States, the poverty rate for children in mother-only families does not start as high—just under 70 percent—but after government benefits it dips only to about 60 percent. Among two-parent families, similarly, British children would be poorer than American children if they had no government benefits, but strong public benefits make them less poor than children in the United States.[27]

Over time, moreover, America's antipoverty efforts have fallen further and further behind. "While social policy in Europe, Scandinavia, and even Canada, has worked hard to keep child poverty low, or to reduce it fur-

ther," Rainwater and Smeeding noted, "the United States is sounding a social policy retreat."[28] Moreover, this statement was written and refers to developments before the 1996 welfare law hastened that retreat.

Many scholars have noted that other nations' strategies for boosting family incomes are both more generous and more work-oriented than those in the United States—a combination of features that may make them both more popular and more successful at reducing poverty.

"In contrast to the American welfare system, [European policies], such as the state-provided daycare for children of working mothers in France, or Sweden's benefits that accrue largely to those with a work history, show that it is possible to design social protection programs that redistribute income and make work more attractive,"[29] observed Harvard economist Richard B. Freeman.

Similarly, Rainwater and Smeeding recommended that Americans consider adopting two other policies widely used abroad. One is **child allowances,** which would give every family with children a modest fixed benefit per child. One approach to a child allowance, they noted, would be to "eliminate the federal personal income tax deduction for children and substitute a refundable $750 per child tax credit for *all* children, regardless of their parents' income level." Such an approach would build on the $500 child tax credit recently passed, would offer more help to moderate-income families, and would reach more children. Each of the 18 developed nations they studied has some form of universal child allowance, except the United States.

The second policy Rainwater and Smeeding recommended is **child support assurance,** which provides "a minimum guaranteed level of child support" paid to single parents every month, even when the absent parent cannot or will not pay the child support that is due. This puts the burden of collecting unpaid support more clearly on the government, where it belongs. More importantly, Rainwater and Smeeding pointed out, "This guaranteed income allows a single parent to be able to go out and find a job, keep a job . . . and otherwise substitute for the lack of a partner who can share work and child rearing responsibilities."

America lifts many types of families out of poverty, but not young families with children.

America's high child poverty rates, relative both to our own level of prosperity and to the rates found in the rest of the developed world, reflect largely unspoken national choices about whom to help and how to deliver the help *(see Figure 8)*.

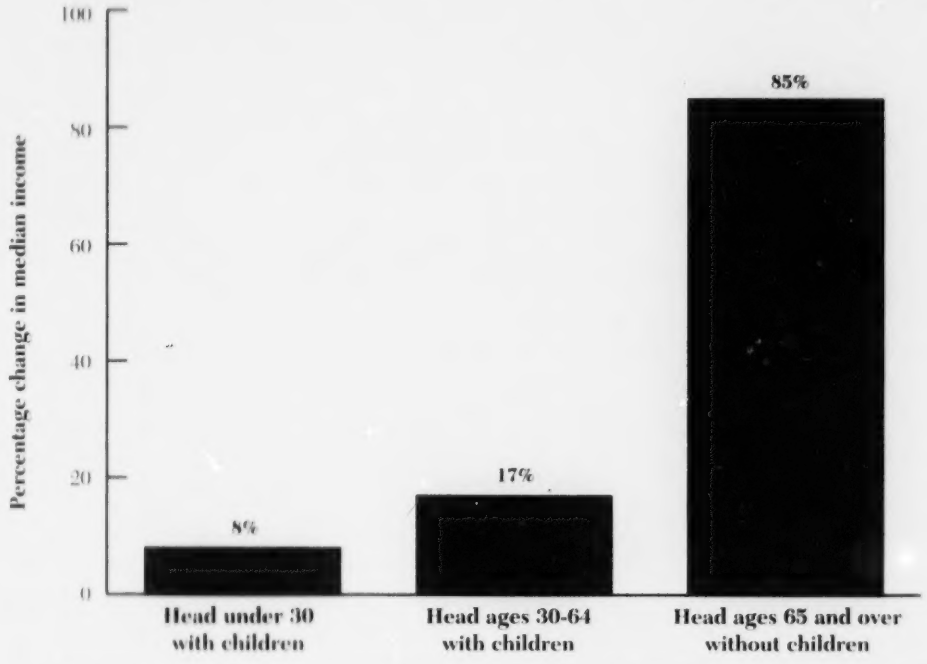
The problem is not that Americans never help the poor. America helps many families escape poverty who otherwise would be poor. In 1994, for example, the government helped 6 million otherwise poor families, with or without children, by paying enough benefits to lift them above the poverty line. However, only about 200,000 of these families—approximately one out of 30—were young families with children.

In other words, one out of 12 otherwise poor young families with children (8 percent) had their incomes lifted above the poverty line in 1994 by government benefits from Social Security, unemployment compensation, worker's compensation, veterans' benefits, Supplemental Security Income (SSI), and public assistance. Among older families with children headed by someone age 30 to 64, a substantially higher proportion—one in six—were lifted from poverty. And more than five out of six (85 percent) of all elderly childless families headed by someone ages 65 or older were lifted out of poverty, largely because of the powerful antipoverty effects of Social Security and other benefits for the elderly.

In fact, aid for the elderly is so much more adequate than aid to young families that three out of every four poor children in America's young families would no longer be poor if government cash benefits lifted them out of poverty in the same proportion as elderly Americans ages 65 and older.[30]

Figure 8

Percentage of Otherwise Poor Families Lifted Out of Poverty by Government Cash Benefits, 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund.

Over time, rising and falling levels of government assistance have altered young families' poverty substantially, for better and for worse. Following sharp cutbacks in the 1980s, the decreasing "antipoverty effectiveness" of government cash assistance accounted for between one-fifth and one-fourth of the rise in official poverty rates among young families with children. In the early 1990s, by contrast, the antipoverty effectiveness of government benefits was strengthened, slightly tempering the surge in poverty that accompanied the economic recession of 1990.

The antipoverty effectiveness of government benefits is likely to be weakened once again by the 1996 repeal of the federal welfare system. As the results of welfare repeal unfold over the next several years, the block granting of cash assistance—accompanied by harsh eligibility restrictions and funding cuts in federal cash and near-cash programs for low-income families that are several times larger than the cuts enacted in the early Reagan Administration—can be expected to push even more young families into poverty.

America is growing richer overall and has more resources to help its young families.

Both the growing hardships of young families and the lack of support they receive from public policies are even more remarkable when viewed in contrast to the growing wealth of the nation as a whole. From 1973 to 1994, the nation's wealth as measured by real per capita gross domestic product (GDP) grew by 38 percent. Compared with Europe, too, the United States is wealthier and has a faster growing economy.[31]

Half a century ago, the distinguished conservative Republican leader Senator Robert Taft said, "I believe that the American people feel that with the high production of which we are now capable, there is enough left over to prevent extreme hardship and maintain a minimum standard floor under subsistence, education, medical care and housing, to give to all a minimum standard of decent living and to all children a fair opportunity to get a start in life."[32]

The United States is more than two and a half times wealthier per capita than when Senator Taft spoke at New York University in February 1949. If we could afford to end child poverty then, we can far better afford to do so today.

Government efforts to nurture young families are outdated, meager, and under attack.

Even beyond the missing income support policies that could directly lift young families out of poverty, in broader areas ranging from education to child care, our national and state public policies have failed to keep pace with the major new trends shaping American families' lives.

- A bachelor's degree is increasingly necessary for economic success, but the elimination of Social Security students' benefits in the 1980s and the two-decade failure of government grant aid to keep pace with tuition has made it harder for young families with modest incomes to pay for college.
- Young men's falling wages have required a growing proportion of young two-parent families to work long hours to support their children. Yet government has done far too little to ensure the availability of good quality affordable child care for these couples or to expand after-school and summer programs for the children of working parents.
- The growing numbers of single-parent families—many of whom likewise need child care assistance even to sustain a part-time job—also depend on reliable monthly child support payments from their child's other parent if they are to have any hope of avoiding poverty. However, most state governments have failed to enforce child support laws vigorously.
- Falling incomes have contributed to the rising proportion of young families with children who have severely unaffordable housing. Yet funding for subsidized housing has been cut while proposals presently before Congress would permanently end the priority given to such families for the remaining housing aid.
- Falling wages and rising payroll taxes have eroded young families' incomes, but most have earnings too low to take full advantage of the new $500 Child Tax Credit. The Earned Income Tax Credit (the expansion of which, in 1993, did much to provide relief from increases in the payroll tax) has been under attack when it should be strengthened at the national level and emulated by states.

Even in the area of welfare reform, where public debate has so plainly emphasized the value of work, actual public policy changes are in many ways headed in the opposite direction. Rather than making it easier to make a living through work, key changes will make it harder. Deep federal benefit cuts in 1996 and the elimination of the guaranteed cash assistance safety net have torn into the fragile public–private framework that supports low-income young families, including those who work. The majority (54 percent) of the 11 million families projected to lose income as a result of the new federal welfare law are working families.

Many of the benefit cuts, including those for working families, will take a disproportionate toll on young families—a toll that will make the already dire figures in this report even worse. Families headed by someone younger than 30 comprise 17 percent of all families with children, but they account for:

- 32 percent of working poor families with children (who will absorb much of the cut in food stamps and SSI under the 1996 federal welfare law).
- 38 percent of families who received public cash assistance during any part of 1994 (some of whom will be affected by new time limits and other welfare restrictions).
- 29 percent of the children projected to be made poor by benefit cutbacks under an early version of the 1996 federal welfare law similar to the one signed by President Clinton.
- 39 percent of low-income working families with children younger than 6 (whose prospects for receiving child care assistance are

threatened by the $1.4 billion shortfall of child care funding in the welfare law).

- two out of five public assistance recipients who are working toward self-sufficiency through postsecondary schooling (whose educational goals are threatened by new federal welfare rules strongly favoring immediate work over education).
- 27 percent of households that contain children and spend more than half of their income for their housing (these households face an additional $3 billion food stamp cut under the welfare law, a cut targeted on those with severe housing affordability problems).

In short, despite broad popular support for encouraging work, training, and education—an approach that could substantially strengthen the economic standing of young families—the new federal welfare law and other recent policy changes could actually make the already-weak governmental supports for young families even weaker and make the alarming plight of poor young families even worse. ■

Lasting Impacts on Children, Families, and the Nation

The economic strains on young families reverberate throughout the nation and across generations. Families feel the pressure of fewer resources, longer work schedules, and less time. Grandparents increasingly are relied upon to house young families and shield them from poverty well into adulthood.

Most importantly, the children themselves face the lasting costs that result from economic problems that increasingly are concentrated among young families—no health care coverage, substandard housing, falling family income, reduced attention from parents who must work long hours, and endemic childhood poverty. Children in young families are in their youngest and most vulnerable years, when the long-term damage associated with poverty and economic distress is greatest. The enduring problems of early childhood poverty range from stunted growth and poor nutrition to learning and educational difficulties that will likely affect children into their adult working years and for the rest of their lives. Ultimately, the entire society and national economy, including virtually every business and social institution in America, will share the burden of these problems.

Income losses strain young family budgets.

The dollars lost by young families during the last two decades represent a major share of their former buying power and their overall resources for raising children. The decline in median family income for young families with children—a loss of $9,825 from 1973 to 1994 in 1994 dollars—is equivalent to three-quarters of the entire annual budget for food, clothing, and shelter for the average family with children in the early 1970s.[39]

Looking back on the budgets of young families two decades ago, it is difficult to imagine how later families have absorbed the subsequent income losses. For an average family with children, eliminating spending on such "frills" as eating out, vacations, television, sugar and sweets, cigarettes, tobacco, and alcohol, would have saved approximately $3,500 in

1994 dollars–only about one-third of the lost income.[9] Going further and eliminating all toys, books, games, lessons, pets, summer camp, and all other educational and recreational activities for the family—expenditures that often are fundamental to building a strong family and stimulating a child's curiosity, social skills, and mental and physical development—would have brought them less than $2,000 closer to the necessary total of $9,825.

Instead, evidence from a wide variety of sources suggests that young families have had to make cuts in areas that once were taken for granted. One such area is housing and homeownership.

The dream of homeownership is fading.

Homeownership has long been a central part of the American dream. It is also a major source of financial security and stability for young families, and an essential means of accumulating the equity that has enabled countless families later to borrow money in order to stave off a crisis, send a child to college, or help start a family business. To some degree, our collective image of healthy and well-functioning families is a vision framed by a stable community of concerned neighbors who know each other's children and watch out for them—a kind of community that may be more easily sustained in a neighborhood of homeowners than one of renters. In all of these ways homeownership can help children succeed.

Yet the proportion of young families, with or without children, who own their homes has fallen by one-third, from a peak of one in two (47 percent) in 1980 to its 1994 level of one in three (33 percent). Among older families the proportion started higher at 81 percent and fell less to 74 percent during the same period, according to figures from the Census Bureau's Current Population Survey.

Data from another Census Bureau survey (the American Housing Survey) show that the story was almost identical for young families with children and that the biggest declines in homeownership occur among the youngest families. The proportion of very young families with children (headed by someone younger than 25) who own their home has dropped in half, from a peak of nearly one in three (31 percent) in 1979 to one in seven (14 percent) in 1993. Among young families headed by someone ages 25 to 29, the proportion started at one in two (52 percent) and dropped to two in five (40 percent) during the same 14-year period (*see Figure 9*).

Confirming these findings, researchers Christopher J. Mayer and Gary V. Engelhardt reported, "Homeownership rates among young households have declined substantially since the mid-1980s." Even the dwindling number of young families who do become first-time buyers "are relying more on gifts from relatives and less on their own savings in accumulating their down payment," their study found—evidence that fewer and fewer young buyers can afford the cost of a down payment.[10]

Fewer and fewer young families can afford any housing.

For all young parents, whether renters or homeowners, the combination of rising housing costs and declining incomes has made severely unaffordable housing a growing problem.

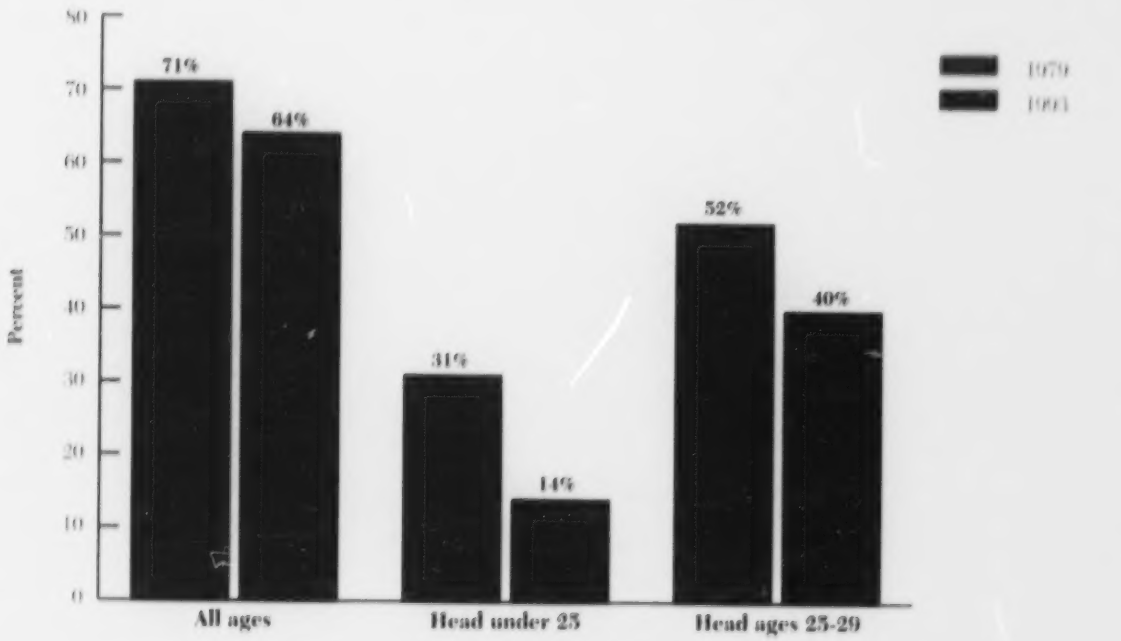
Under federal affordability standards, households are deemed to pay too much if the monthly cost of their housing (including rent or mortgage plus utilities) exceeds 30 percent of their income. Above 50 percent of income, the household's housing situation is officially considered to be a "worst case" and in urgent need of help to avert homelessness and hardship.

In total, more than 2 million young households with children had housing costs greater than 30 percent of income in 1993 (the latest year for housing cost data). They comprised more than one in three (or 38 percent) of all young households with children.

Moreover, more than 900,000 young households with children had housing costs surpassing 50 percent of income in 1993 (the latest year for housing cost data). This means that, after paying for their shelter, less than half of these households' already low and falling incomes was left to pay for food, child care, clothing and diapers, transportation, and other daily living expenses—let alone to save toward retirement or their children's college education.

Figure 9

Homeownership Rates of Families with Children, by Age of Household Head, 1979 and 1993



SOURCE: Census Bureau data tabulated by Center for Labor Market Studies, Northeastern University, and the Children's Defense Fund

Since 1974, the proportion of young households with such worst case housing cost burdens has soared:

- One out of four very young households with children (25 percent of those headed by someone younger than age 25) paid more than half of their income for housing in 1993—more than twice the proportion who paid this much in 1974, when recording of these figures began.[36]
- One in seven young households with children headed by a 25- to 29-year-old (14 percent) paid more than half of their income for housing in 1993—three times as many as in 1974.[37]
- In total, one in six young households with children (17 percent of those headed by someone younger than 30) paid more than half of their incomes for housing in 1993.
- Among older households, the proportion paying more than half of their income for housing has also risen but is still far below that for young households—rising from less than 4 percent in 1974 to about 10 percent in 1993 for those ages 30 to 64.[38]

Many other young parents and their children live "doubled up" with family or friends

A telling sign of the crisis of unaffordable housing for many young families is the large proportion who no longer own *or rent* their own homes but live doubled up with family members, friends, or housemates (*see Table 8*).

The statistics elsewhere in this report have focused on the approximately 5.8 million young families with children who live on their own. But another 1.6 million young families live doubled up in the homes of family members, friends, or other individu-

als. More than one out of every six children with parents younger than 30 (or 17.5 percent) lives in just such a situation—compared with a mere one in 28 (or 3.6 percent) of children with parents ages 30 to 64.

These doubled-up young families are even worse off as a group than other young families. They are more likely to live in crowded housing and less likely to make enough money to keep their children out of poverty without help from relatives. They are more likely to be single-parent families, and their children are more likely to lack health insurance for the entire year.

Yet their situation is often ignored by researchers because they are not the "primary family" that owns or rents the household. Until the 1980s, the Census Bureau did not even carefully identify or count all of these parent–child groups (called *subfamilies*) who double up in other people's homes. Most official government income statistics continue to neglect them.

The exact trend in the number of young doubled-up subfamilies since the 1970s is not known because historical data on young subfamilies are not available. But figures for all subfamilies with children, regardless of the parents' age, show that doubling up has soared in recent years:

- 2.5 million children lived doubled up with a grandparent (plus one or both parents) in March 1995—twice as many as in 1970.[9] The average age of their parents was 27.[10]
- 2.2 million families (called *related subfamilies with children* by the Census Bureau) were doubled up in the homes of other family members in March 1995—20 percent more than in 1983, the earliest comparable year.
- 631,000 additional families (called *unrelated subfamilies with children* by the Census Bureau) were doubled up in the homes of nonrelatives in March 1995—eight times more than in 1970.[11]

Table 8

Subfamilies with Children Living Doubled Up in Someone Else's Home, March 1995 (Poverty Status as of 1994)

	Total number, all incomes	Percentage poor	
		Official poverty definition	Excluding relatives' income
Parent under 30			
Doubled up, with relatives	1,325,000	27.3%	72.1%*
Doubled up, not with relatives	239,000	65.8	n/a
Parent ages 30-64			
Doubled up, with relatives	909,000	18.9%	42.8%*
Doubled up, not with relatives	392,000	39.5	n/a

n/a = Not applicable.

* The official poverty definition takes into account the income and needs of all relatives who live together, including extended family members. By contrast, figures in the rightmost column show what the poverty rate would be if extended family members were not considered and the doubled-up subfamily had to rely on its own income to meet its needs.

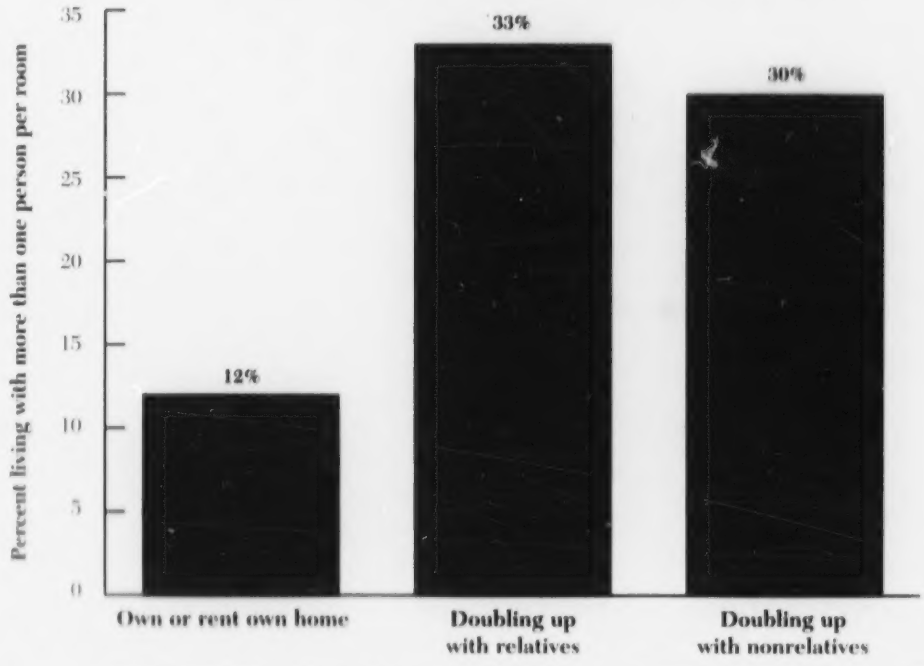
SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund.

For young parents, like older parents, doubling up can often be a warning sign of severe economic strain. Young doubled-up subfamilies are nearly three times more likely to have crowded housing with more than one person per room (between 30 percent and 33 percent of doubled-up families live in households with more than one person per room), compared with young primary families who own or rent a home of their own (12 percent of whom live in such crowded housing). (*See Figure 10.*)

For many young parents, in fact, doubling up has become a precarious strategy for fending off poverty. Seven out of every 10 young doubled-up families with children either are poor by official standards (that is, counting the extended family's resources) or would be poor if the extended family income were not counted. (For the purpose of determining a family's official poverty status, the Census Bureau counts the income of all extended family members who live together.) More than 590,000 young doubled-up families with children in 1994 had income that by itself was below the official poverty line and who were lifted above the poverty line solely by living with extended family members who had more money.

Figure 10

Likelihood of Living in Crowded Housing for Young Families and Subfamilies with Children, by Doubled-Up Status, 1993



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund

And far too often, doubling up is the last stop before homelessness. In a recent study of low-income homeless mothers, "Nearly all the homeless had doubled up prior to obtaining shelter." Nine out of every 10 homeless mothers (89 percent) had moved in with family or friends during the previous two years, compared with one-half of low-income housed mothers in a comparison group.

As young families lose the ability to afford housing, many groups that serve the homeless report a growing number of young families with children in homeless shelters. One survey of 14,000 homeless adults served by the International Union of Gospel Missions (IUGM), for example, found that half were younger than age 35. "Most people think of the homeless as 55-year-old alcoholic drifters," The Rev. Steve Burger, IUGM executive director, told a reporter shortly before Thanksgiving 1996. "The stark reality is that a majority of the men and women eating Thanksgiving dinner at our missions next week are new to the street and are in their 20s and 30s, often with children."

Even more so than doubled-up families, young homeless families are left out of the government statistics used throughout this report.

Tens of thousands of young families avoid poverty each year only by moving back in with grandparents.

While living with the grandparents often helps young parents and their children avoid poverty (and sometimes homelessness) and offers a better environment to raise children than many alternatives, these living arrangements often represent a substantial burden on grandparents long after their children would normally be independent. In many cases, these young parents already had left home—only to return in poverty.

- More than 750,000 times during the five years from March 1989 to March 1994, young subfamilies with children who had been living elsewhere moved back into the grandparents' home.[42]
- These incidents represent 2.2 million individual children and parents returning to live with grandparents during this five-year period.
- From March 1993 to March 1994 alone, 165,000 young subfamilies headed by someone younger than 30 moved back home with the grandparents after having lived elsewhere.

For the most part, young parents who moved back into the grandparents' homes were not teenagers. Nine out of 10 (or 145,000) of the young families[43] returning home between 1994 and March 1995 were headed by someone age 20 or older. The average age was 24 years. (Even excluding teenage families, these parents in their 20s were desperately poor: 59 percent would have been poor based solely on their own incomes without help from the grandparents.) Two-thirds of the returning young family heads were non-Latino White and a similar proportion were single mothers. Very few (only one in nine) were high school or college students younger than 25. The average grandparent whose household they returned to was 50-years-old.

Dire necessity appears to drive many of these moves. Many of the young parents and their children would be below the official poverty line if they did not have the grandparents' income to save them from poverty.

- Half of the returning young subfamilies (51 percent) narrowly avoided poverty for the children only by making this move back to the grandparents' home and relying on the extended family income as well as their own. An additional one in seven (14 percent) of returning young subfamilies remained poor even under the official poverty definition, which counts the income of all relatives in the household together.
- In total, two out of three (64 percent) of the returning young subfamilies would be considered poor based only on their own income.

The precarious finances of these families suggests that in the absence of decently paid jobs and adequate support from two parents, the task of financially supporting the children in these young families in many cases has been shifted back at least in part to the grandparents.

Mounting poverty linked with heavy costs for young children.

Although some young families avoid official poverty status by moving back home with the grandparents, far more endure poverty on their own. The soaring rate of child poverty in young families signals a worrisome threat to these children. A growing body of research points to poverty as a pivotal risk factor for children's health and learning that stifles their chances for contributing their full potential to society.

Compared to their higher income peers, low-income children are two or more times more likely to suffer from health problems including infant death, iron deficiency, stunted growth, severe physical or mental disabilities, fatal accidental injuries, and overall fair or poor health, according to research compiled in *Wasting America's Future*, a 1994 report by the Children's Defense Fund on the human and economic costs of child poverty. Specifically, in a 1989 study of child death rates by income level, state officials found that low-income children in Kansas were:[44]

2 times more likely to die from birth defects.
3 times more likely to die from all causes combined.
4 times more likely to die from fires.
5 times more likely to die from infectious diseases and parasites.
6 times more likely to die from other diseases.

The U.S. Department of Education reports that the risk of students falling behind in school goes up by 2 percentage points for every year they spend growing up in poverty. Poverty's effects are separate from—and stronger than—those of race, region, having a teen parent, or living in a one-parent home, according to the Department of Education study.[45]

Poverty has powerful negative effects on child test scores, according to another nationwide study by Sanders Korenman and his colleagues.[46] These effects cannot be attributed to poor mothers' own attributes such as basic skill scores, marital history, age when the child was born, years of education, race, or health behavior such as smoking or drinking during pregnancy. That is because poor children scored worse even when compared with nonpoor children who resembled them on all the above family attributes.

Poor children are at elevated risk of countless other dangers, according to the research compiled in *Wasting America's Future*. The hazards include:

- **poor nutrition,** which can cause stunted growth (which, in turn, has been linked to lower academic test scores), iron deficiency (linked to anemia and deficits in problem-solving, attention span, motor coordination, and IQ), low birthweight, and birth defects.
- **housing problems** such as homelessness (linked to infant mortality, intestinal illness, asthma, delayed immunizations, family separation, and missed school), frequent moving (linked to lower academic test scores and failure to finish high school), and utility shut-offs (implicated in home fire deaths).
- **severe stress on parents,** which can lead to less effective parenting or even abuse, as well as marital conflict or breakup, and ultimately to child behavior problems, aggressiveness, and delinquency.
- **fewer resources for learning outside of school,** such as inferior child care (linked to child stress and behavior problems), fewer extracurricular activities and stimulating family activities (linked to lower school achievement), more onerous home and work responsibilities (linked to lower school enrollment and attainment), and financial barriers to college.

Such research reveals how endless large and small problems accumulate and interact to leave poor children less resilient, more vulnerable, and at elevated risk across the board.

The poverty of young families strikes children at their most vulnerable stage, leaving lasting damage.

New research has begun to uncover powerful evidence that children are most vulnerable to poverty's damage during their earliest years of life—when they are younger than age 6 or even younger than 3. The findings have profound implications for young families because so many include children and so many of these children are poor.

- In a forthcoming series of studies funded by the National Institute of Child Health and Human Development of the National Institutes of Health, a team of 12 top experts examined 10 different data sets. Their findings indicate that "early childhood appears to be the stage in which family economic conditions matter the most," according to leaders of the project. Moreover, family income differences matter most for children at the bottom of the economic ladder; money makes the biggest difference to the poor. The studies found evidence that poverty—particularly very deep poverty—seriously impairs young children's language development, math skills, IQ scores, how much school they will complete many years later, and even how much they will earn as young adults.[46]
- In a particularly probing study, some of these same researchers provided even more rigorous evidence that early childhood poverty hurts children's later education. The researchers used comparisons among siblings to ask whether any unmeasured negative attributes of poor families or neighborhoods (for example, ineffective parenting or bad peer influences) could account for the lasting educational damage associated with early childhood poverty. Siblings raised when the family was better off fared better later on than siblings from the same family raised when the family was poor. "Although estimated with less precision" than conventional analyses, these analyses "also suggest that economic conditions early in life affect child development," the researchers found. "Taken as a whole," they concluded, "our data suggest that policies that raise the incomes of poor families will enhance the abilities and attainments of children. Most important appears to be the elimination of deep and persistent poverty during a child's early years."[47]
- Other new data suggest that young children in poverty experience far more homelessness than previously believed, which in turn can have harsh developmental consequences. One in 10 poor children from birth to age 4 in New York City spent time in public homeless shelters during 1995, according to researchers—a higher proportion than in any other age group. Poor children in Philadelphia had similarly high rates of homelessness.[48] As noted previously, homeless children experience increased illness, family separation, and missed school.

The findings have profound implications because **young families account for nearly two-thirds of America's poor infants and toddlers.**

Although some observers might be tempted to dismiss the high poverty rates among children in young families as a "passing phase" that will disappear when the parents turn 30, these new findings suggest that by then, substantial damage from poverty will have been done. Children in young families, because of their young age, are precisely those *most* vulnerable to poverty's effects, and these effects are likely to last far into the child's adult life.

The entire nation pays the economic costs of children's poverty.

When poor children from young families grow up to be less healthy, less educated, and less successful as workers, parents, and citizens, all of society shares the cost. *Wasting America's Future* provides estimates of some of the economic costs of children's poverty, calculated under the guidance of Robert M. Solow, Nobel-Prize-winning economist from the Massachusetts Institute of Technology, and Rebecca M. Blank, former staff member of the President's Council of Economic Advisors in the Bush Administration.

A *precise* estimate of the costs of poverty among America's children is not possible with available data. No existing studies have followed poor children from birth to old age and directly measured the range of lifetime costs to which childhood poverty may contribute—such as short- and long-term health care costs, the costs of special education and children who must repeat a grade in school, the lower productive capacity of children throughout their later working lives, or the higher rates of delinquency and crime associated with poverty's developmental and psychological damage. Considerably more research is needed.

Nonetheless, *Wasting America's Future* represents a first attempt to quantify even a portion of the costs to society of children's poverty. This CDF study focused chiefly on the costs of lost productivity due to child poverty. Even with this narrow scope, the results are clear: The nation's high child poverty rates are not merely morally shocking but create a long-term drain on the productive capacity of the nation as well.

Using a number of different but mutually reinforcing research methods, CDF projected the future loss to the economy if the nation continues to allow about 15 million children from families of all ages to experience poverty each year *(see Figure 11)*. Each estimate measured subtly different aspects of poverty's effects and the results spanned a wide range, but all estimates were in the tens or hundreds of billions of dollars. The following figures reflect the estimated cost of just one year's worth of poverty among the roughly 15 million American children in poverty:[49]

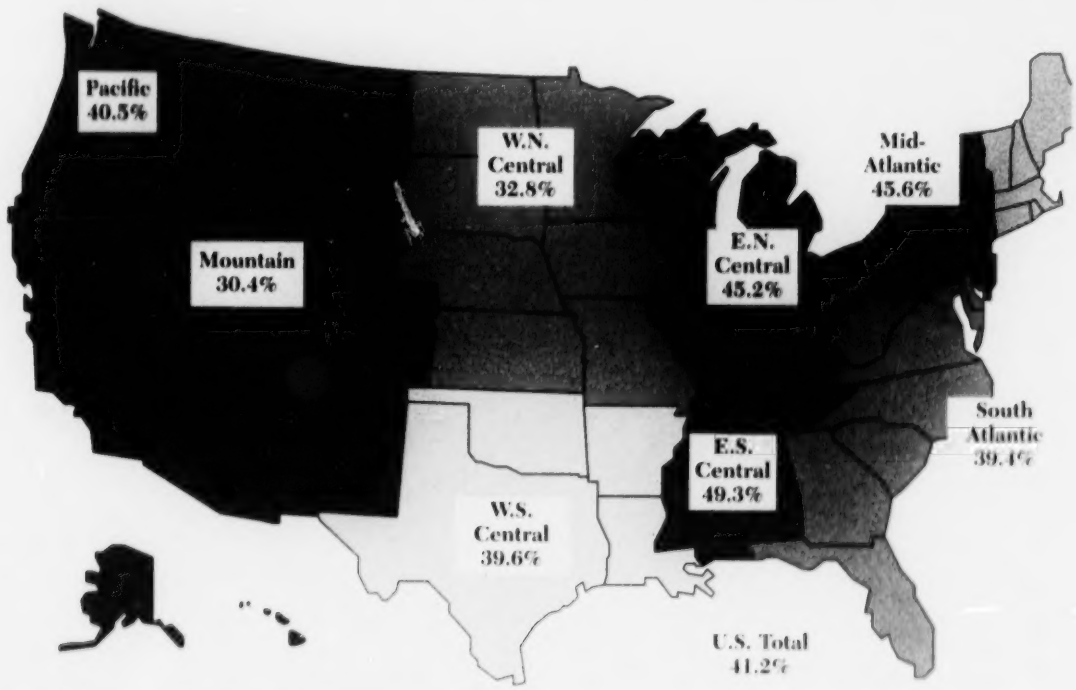
- The lowest estimate indicated a lifetime cost of $36 billion dollars merely from the lost productivity (output per hour of work) due to fewer years of schooling that poor children complete. The projections drew on national comparisons of children's poverty experiences between ages 6 and 15 with their schooling by age 22.[50]
- A [illegible]edle estimate, based on education findings from the New Jersey Income Maintenance Experiment of the early 1970s, was $99 billion.[51] This figure reflected a lifetime of lost hourly productivity due to reduced schooling among youths whose families were not guaranteed an above-poverty income at ages 16 and 17.
- The highest estimate, $177 billion, attempted to gauge further aspects of a poor child's lower future earnings. In addition to poverty's effects on hourly productivity related to lost schooling, this estimate also reflected work hours lost to unemployment, underemployment, and illness, as well as lowered hourly productivity unrelated to lost years of schooling.[52]

These estimates represent the cost of one year's worth of poverty for all poor children, not just those in young families. Yet more than one-fourth of all poor children live in young families. Therefore, a reasonable rough estimate is that young children's poverty will carry future economic costs equal to at least one-fourth of the sums above.

From the perspective of young families, moreover, these calculations are likely to be conservative. The figures attempt to capture the effects of poverty observed among children during middle or late childhood. But the poverty of children in young fam-

Figure 11

Poverty Rates of Young Families with Children with Family Head Under 30, by Region, 1994



SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund

ilies is more damaging than this because it strikes mostly in early childhood. Because the effects of poverty are much greater during early childhood (as previously noted), the costs of poverty for children in young families are likely to be considerably higher than those for the older children.

The costs of young families' past poverty already reverberate throughout the economy. These costs affect millions of workers, businesses, consumers, and taxpayers every day through the lost wages and lowered productivity of workers due to problems associated with childhood poverty. Because they cannot complete as much work in an hour as their better educated counterparts, these poverty-afflicted workers cannot produce as many goods or provide as good service as they otherwise could. They cannot earn as much. Their employers cannot sell as much or at as high a price. Workers may be unable to operate the most sophisticated new machinery or learn the latest computerized techniques. Employers may have to spend more time and money training them or correcting their mistakes. Consumers may be unable to find as much of what they want in the stores or what they buy is of lower value for the money. When workers earn less, others may be asked to pay more taxes.

Moreover, all of these costs represent only different facets of the lost productivity associated with young families' poverty. They do not even begin to address poverty's potential impact in other areas such as crime, unnecessary health care spending, or special educational needs. Nor do they show the continuing effects on future generations of children—the cycle of disadvantage, lost potential, and frustration that will no doubt occur as some of the children who experience poverty in a young family today grow up to have less education and fewer skills and opportunities to pass on to their own children. Most importantly, they do not measure the cost in the lost potential and increased suffering of each human life.

In the end, everyone pays the costs of young families' poverty. But no one pays more than the children.

Endnotes

[1] These figures are restricted to the own children of the head of a household, including biological children, stepchildren, and adopted children. See the Key Terms for discussion of the definitions of children used in this report and the Appendix for discussion of the sampling weights for calculating national estimates of children.

[2] Recent data based on the incomes of a slightly different group of out-of-school parents and their families indicate that typical incomes edged downward by another 1 percent between 1992 and 1994 for young families with children headed by a high school dropout, and fell by another 4 percent for a parent with some college but less than four years. For families headed by a four-year college graduate, median income actually dropped by 9 percent from 1992 to 1994. Incomes recovered by 7 percent for young families headed by a high school graduate.

All comparisons by education level in this report exclude families headed by high school and college students at the time of the survey. Separate data series are used before and after 1992 because of a change in the Census Bureau's survey questions concerning students. For data up to 1992, this report defines a student as anyone whose "major activity" last week was school. Subsequently, however, the bureau stopped asking respondents about their "major activity." The bureau continued to determine whether Americans are "attending or enrolled" in a school, but only for those ages 16 to 24. This report uses the latter definition of a student in comparisons for 1992 to 1994.

[3] See National Center for Education Statistics, U.S. Department of Education. (1996). *The Condition of Education, 1996* (p. 62). Washington, DC: Author.

The data compare college costs to the income of a moderate-income family at the 25th percentile of all families with children ages 6 to 17 in 1975 and 1994, respectively. A family at the 25th percentile is defined as having more income than one-quarter of all families and less income than three-fourths of all families. Lower middle-income students are defined as being in the second quartile, or the second poorest one-fourth of all students.

[4] *Ibid.*, p. 62.

[5] *Ibid.*, p. 64.

[6] Despite the strong economy, not all data show improvements since 1994. Unpublished Bureau of Labor Statistics figures for workers paid hourly rates show steady declines in hourly wages. For all ages, average hourly wages (in 1996) dollars were $10.30 in 1994, $10.13 in 1995, and $10.03 in 1996. Compared with older workers, young workers' relative wage disadvantage remained stable as well. For an average hour of work, young workers in their 20s were paid about $0.73 per dollar earned by someone age 30 or older in 1994; $0.74 per dollar in 1995; and $0.74 again in 1996.

[7] Employer-provided plans are the source of about 95 percent of all private health coverage for young children. Precise estimates of the decline in employer-provided coverage from 1989 to 1994 are not possible because the Census Bureau altered its survey questionnaire in 1994. However, Census Bureau officials say that the majority of the decline in overall private insurance during this period is almost certainly due to declines in employer coverage.

[8] Employed throughout the year means 50 to 52 weeks, full time or part time.

[9] Based on a survey of medium and large firms. Source: U.S. Department of Labor, data from the Employee Benefit Survey, published in February 1997 on the World Wide Web at http://stats.bls.gov; CDF calculations.

[10] These numbers are not comparable to the Census Bureau figures cited elsewhere in this section, in part because they refer to children who were covered by private insurance continuously throughout the year, whereas the Census figures count children ever insured privately during the year. However, both sets of figures show steady declines in insurance coverage during their respective time periods. See Monheit, A. C., and Cunningham, P. J. (1992). Children without health insurance. *The Future of Children, 2*, (2), 154-170.

[11] It should be noted that figures on children in young families are restricted to own children of household heads and therefore exclude grandchildren, teens living alone, foster children, children in doubled-up families, and other unrelated children. By contrast, the Census Bureau estimate of 10 million uninsured children covers all persons younger than 18.

[12] Yazici, E. Y., Medicaid expansions and the crowding out of private health insurance. A Paper Presented at the Conference of the Association for Public Policy Analysis and Management, Pittsburgh, Pa., Nov. 2, 1996.

[13] New legislation signed into law by President Clinton in August 1997 devotes substantial federal funds to providing health coverage for uninsured children. The money would fund a state's choice of further Medicaid expansions, or a new block grant to insure as many as 6 million of America's 10 million uninsured children, most of whom are from moderate-income working families.

At the same time, however, the 1996 federal welfare law has diminished Medicaid eligibility for other families, including some children of legal immigrants. Depending on how states choose to implement the welfare law, moreover, there is a serious risk that additional poor children will be dropped from the Medicaid rolls after their parents leave welfare for work, even though Medicaid rules would keep them eligible. In order to prevent this, states will need to establish procedures to automatically redetermine families' eligibility for Medicaid when the parents leave welfare.

[14] These figures refer to family heads living with one or more of their own children based on the definition of *family head* used by the Census Bureau before 1980. By this definition, the husband in all married families was considered to be the head of the family. Beginning in 1980, in recognition of women's growing equality, the Census Bureau permitted either parent to be designated the family head (renamed the *householder*). Because women continue to spend more time out of the paid work force than men, the new definition lowered the proportion of family heads who work full time year-round. To preserve comparability with earlier data, CDF calculated these figures based on the earlier definition.

[15] See Freeman, R. B. (1991). "Employment and earnings of disadvantaged young men in a labor shortage economy." In C. Jencks and P. E. Peterson (eds.), *The Urban Underclass* (p. 110). Washington, DC: Brookings.

[16] These figures are not available for young women. Generally, young women's earnings, while not falling so rapidly, started well below men's and remain lower.

[17] G. J. Duncan et al. (1996). From the World Wide Web at http://www.library.nwu.edu.publications/mupr/duncan.html., which cites "How Long Does It Take a Young Worker to Support a Family?" from *Northwestern University Policy Research*. Duncan et al. defined *middle-class earnings* as annual earnings above twice the poverty line.

[18] Seeking to restore stronger economic growth, some economists have begun to question government economic policies that deliberately restrain employment and wage levels. Such policies—including steps by the Federal Reserve Bank to raise interest rates when unemployment falls or wages rise—have been used aggressively since the 1970s to fight inflation. But economists such as Lester Thurow of the Massachusetts Institute of Technology argue that the government's war against inflation has outlived its original purposes and that the negative side effects of the war, falling wages and rising inequalities, have become far more corrosive than the remaining danger of inflation.

Other economists argue that the nation can better protect its families through other means, such as improving educational opportunities and supporting working families, rather than altering macroeconomic policy.

[19] Among young men in their 20s who earned below the three-person poverty line ($11,821) in 1994, 19.8 percent were married. Among those with earnings at or above the poverty line, 40.6 percent were married. Source: CDF tabulations of the March 1995 Current Population Survey. Figures are for civilian males and exclude young men enrolled in school.

[20] See CDF calculations and D. J. Hernandez (1993). *America's Children: Resources from Family, Government, and the Economy*. New York: Russell Sage. The annual percentage point increase in the proportion of children who live in mother-only families tends to be much greater during a recession, according to Hernandez, who is chief of the Census Bureau's Marriage and Family Branch. "Recessions appear to account for 30 percent of the total increase in mother-only families for children between 1968 and 1988" (pp. 390-391, see table below).

Period	Type	Annual rise in mother-only families
1968 and 1969	Nonrecession	0.34
1970 and 1971	Recession	0.66
1972 and 1973	Nonrecession	0.65
1974 and 1975	Recession	0.92
1976-1979	Nonrecession	0.35
1980-1982	Recession	0.61
1983-1988	Nonrecession	0.19
Average	Nonrecession	0.38
Average	Recession	0.73

Besides recessions, Hernandez also considered whether increase in the generosity of welfare benefits also contributed substantially to the rise in the proportion of children living in mother-only families. He determined that welfare did not play a major role. During the 1960s and 1970s when welfare benefits were increasing in value, for example, Hernandez calculated that increasing welfare generosity accounted for almost 0.62-0.92 of a percentage point or less than 1.0 percentage point of the total increase in children living in mother-only families. During the 1980s, the value of welfare benefits actually shrank, thereby making it still less likely that welfare fueled the rise in mother-only families. However, if it somehow had, Hernandez concluded that "as a maximum estimate . . . the welfare generosity effect produced 1.3-1.9 percentage points of the 13.3 percentage point increase in the overall proportion of children living in mother-only families between 1960 and 1988" (p. 295).

[21] See Bianchi, S., and McArthur, E. (1991). "Family Disruption and Economic Hardship: The Short-Run Picture for Children," *Current Population Reports*, Series P-70 No. 23, Table B. Washington, DC: Government Printing Office.

[22] Some young absent fathers, despite having very low earnings at the time of birth of their child or breakup of their marriage, will later see their earnings rise substantially. In this situation, having access to the father's missing income could eventually make a great deal of difference for the custodial parent and her children, even though his income still may never fully catch up to that of the typical steadily married man.

[23] Based on the poverty rates and distribution figures shown in Table 1, the calculation is (15.7% x 82%) + (65.7% x 18%) + (33.6% x 1%) = 24.7%.

[24] Calculating the hypothetical reduction in poverty from this perspective requires three steps. The first is to determine how many young families with children would switch to marriage if the higher 1973 marriage rates were restored; comparing the distribution of family types in 1994 and 1973 shows that single mothers who switch would account for 18 percent (or 36 percent minus 18 percent) of all young families with children, and single fathers would contribute 4 percent (or 5 percent minus 1 percent), for a total of 22 percent who hypothetically would switch to marriage (in addition to the 59 percent already married in 1994). Second, estimate the poverty rate of those who switch (the following calculations use the hypothetical 27.0 percent rate described in the text). Finally, for all four family types who would then exist (switched into marriage, already married, headed by single mothers, and headed by single fathers) add up their expected 1994 poverty rates, multiplied in each case by the share they comprise of all young families with children: (27.0% x 22%) + (15.7% x 59%) + (65.7% x 18%) + (33.6% x 1%). The result with rounding error removed is 27.3 percent—a figure much closer to the actual 1994 poverty rate of 34.5 percent than to the old 1973 rate of 15.6 percent. According to this procedure, about two-thirds of the increase in the poverty rate of young families with children that occurred from 1973 to 1994 would have occurred anyway even if family structure had not changed.

[25] See Hernandez, D. J. (1993). *America's Children: Resources from Family, Government and the Economy* (pp. 290, 313). New York: Russell Sage.

[26] See Rainwater, L., and Smeeding, T. M. (1995). "Doing Poorly: The Real Income of American Children in a Comparative Perspective," Luxembourg Income Study Working Paper No. 127. Syracuse, NY: Maxwell School of Citizenship and Public Affairs, Syracuse University.

[27] *Ibid*., p. 20. In addition to lifting children out of poverty directly through government benefit payments, many developed nations also do more to help both single and married parents to lift their own children out of poverty through a combination of wages and other income supports. Child care assistance, family leave policies, apprenticeships, stronger minimum wage laws, stronger roles for unions and other labor organizations, and full employment policies are some of the approaches used by other nations to improve parents' access to family-supporting jobs.

[28] *Ibid*., p. 20. The analysis counts food and housing benefits as income and defines poverty as income below one-half of the national median income. Separately, Rainwater and Smeeding also examined a different measure of low-income children's well-being: the absolute income level of the poorest one-fifth of all families in each nation, where family income is compared between nations based on the purchasing power of each nation's currency. By this measure, children in the United States are poorer than in any of the other 18 developed nations studied except Ireland and Israel. Rainwater and Smeeding also found that the gap between rich and poor children is wider in the United States than in any other developed nation.

[29] See Freeman, R. B. (Ed). (1994). *Working Under Different Rules* (p. 235). New York: Russell Sage.

[30] To calculate these figures on families lifted out of poverty, CDF looked at cash income before the family paid taxes. This definition of family income matches the official income definition used by the Census Bureau. Counting the value of other "near-cash" benefits such as food stamps, school lunches, and housing subsidies, together with the effect of taxes and tax credits, would narrow the gap between young families and older families, but most of the gap would remain. Fewer than one in four young families with children had their incomes lifted above the official poverty line by the combination of cash and near-cash benefits in 1994, compared with more than five out of six childless elderly families.

[31] The United States had higher GDP per capita in 1995 than did the European Union or any individual European nation except Luxembourg, according Organization for Economic Cooperation and Development, National Accounts, March 1997. Obtained on the World Wide Web at http://www.oecd.org/std/gdpperca.htm. U.S. and European Union growth comparisons are for 1978-1996. Source: Executive Office of the President, *Economic Report of the President, February 1997*. Calculations by CDF.

[32] From the *Report of the Advisory Council on Public Welfare*, June 1966.

[33] See U.S. Bureau of Labor Statistics, 1978. *Consumer Expenditure Survey: Integrated Diary and Interview Survey Data, 1972-73* (Bulletin 1992). Washington, DC, pp. 90-93. Consumer expenditure survey reports for 1972-1973. Calculations by CDF. Consumption figures, like income figures, are adjusted to 1994 dollars with the CPI-X.

[84] Moreover, these potential savings are estimated based on the average expenditures among all families with children for 1972-1973, not just young families. Young families almost certainly spent less on these items, and thus could gain less leeway by cutting these items, than did families overall.

[85] See Mayer, C. J., and Engelhardt, G. V. (1996). Gifts, Down Payments, and Housing Affordability. *Journal of Housing Research, 7* (1), 59-77.

[86] Moreover, these comparisons greatly understate the increase in housing affordability problems for these young households. Between 1974 and 1987, the proportion of primary families with children headed by someone younger than 25 who spent more than half of family income on housing soared from 11 percent to 35 percent, according to tabulations of the Census Bureau's American Housing Survey (AHS) by Northeastern University's Center for Labor Market Studies. Precisely comparable data are not available after 1987, but newer AHS tabulations by CDF show that the proportion of very young households with children who paid this much for housing changed little from 1987 (27 percent) to 1993 (25 percent). CDF's figures are much lower than the earlier data series because CDF counted income from all household members, not just those related to the household head. A continuous data series would show even more rapid growth in these extreme cost burdens since 1974.

[87] These figures also understate the increase in housing affordability problems. According to the Center for Labor Market Studies (CLMS), 5 percent of primary families with children with a head ages 25 to 29 spent more than half of their income on housing in 1974, rising to 18 percent in 1987. CDF's figures, which cover entire households rather than just primary families, showed that the proportion of young households in this age range paying more than half of income for housing changed little between 1987 (15 percent) and 1993 (14 percent). Again, a continuous data series would show a faster increase from 1974 to 1993.

[88] Data covering 1974 are not available for household heads, ages 30 to 64. However, the Center for Labor Market Studies figures show that between 3 percent and 4 percent of primary families with heads in four different age groups—ages 30 to 34, 35 to 44, 45 to 54, and 55 to 64—paid more than half of their family income on housing.

[89] Source: Census Bureau, unpublished tables.

[90] Source: CDF tabulations of the March 1993 Current Population Survey.

[91] Census Bureau figures on subfamilies for 1981 and earlier are not precisely comparable with figures for 1983 and later because of improvements made between 1981 and 1983 in the procedure for identifying subfamilies. In addition, the definition of unrelated subfamilies was revised slightly in 1989. However, inspection of the year-by-year differences indicates that these changes did not appear to have made a substantial difference in the number of unrelated subfamilies with children, which has increased in almost annually since 1980.

[92] *From Wasting America's Future* (1994). Washington, DC: CDF. See p. 66.

[93] *Ibid.*, p. 80.

[94] *Ibid.*, p. 79.

[95] For this analysis, a young family, or in Census Bureau terms, a young subfamily was considered to have moved back to live with grandparents if four conditions are true: the subfamily is related to the head of household; includes a grandchild of the head of the household; the subfamily head moved in during the last year; and the grandparent/household head did not move in during the last year.

[96] See Duncan et al. (1996). The researchers also found that poverty was more strongly related to measures of ability and achievement than to measures of health and behavior. See "Working Paper: Does Childhood Poverty Affect the Life Chances of Children?" from the Center for Urban Affairs and Policy Research, Northwestern University, Chicago. See also G. Duncan and J. Brooks-Gunn. (in press). *Consequences of Growing Up Poor*. New York: Russell Sage.

[97] *Ibid.* Duncan et al. took a novel approach based on the insight that poverty in early childhood appears to be more damaging than poverty in later childhood. To weed out possible interference from unmeasured traits in poor families, the researchers compared siblings whose families experienced a temporary bout of poverty when one sibling was very young and the other was not, for example, when one was age 2 and the other was age 7. Duncan et al. found that the child who was young during the poverty tended to have less schooling than the other child. Because both siblings came from the same family, such differences cannot be dismissed as the product of an unidentified attribute of the impoverished family.

[98] See Culhane, D., and Metraux, C. (1996). "One-Year Rates of Public Shelter Utilization by Race/Ethnicity, Age, Sex and Poverty Status in New York City (1990, 1995) and Philadelphia (1995)." Paper presented to the Family Impact Seminar Series, Housing Is Not Enough: Helping Homeless Families Achieve Self-Sufficiency, Hart Senate Office Building, Washington, D.C., Sept. 13, 1996. Children in the Philadelphia data could not be examined by detailed age categories, but overall, the data showed that one out of every 12 poor children in Philadelphia in 1995 spent time in a public homeless shelter during the course of the year.

[99] See Children's Defense Fund. (1994). *Wasting America's Future*. Boston: Beacon Press.

[50] *Ibid.*, pp. 105-107. The education impacts of one year of child poverty were estimated for CDF by Robert Haveman, Barbara Wolfe, and Donna Ginther of the University of Wisconsin, Madison, using the Panel Study of Income Dynamics. Additional calculations were made by CDF under the supervision of Robert M. Solow and Rebecca Blank.

[51] *Ibid.*, pp. 107-108. The impact of poverty on education was based on findings that showed youths who were not offered income maintenance under the New Jersey experiment completed significantly less schooling than youths who were lifted out of poverty. The findings were from a controlled, random-assignment experiment involving 1,38 youths, analyzed by Robert Mallar. Additional calculations were made by CDF under the supervision of Robert M. Solow and Rebecca Blank.

[52] *Ibid.*, pp. 112-113. The direct earnings effects of childhood poverty were estimated for CDF by University of Michigan researchers Mary Corcoran and Terry Adams, who observed children's poverty experiences from ages 3 to 16, and compared those with their earnings at ages 25 to 34 (measured on a logarithmic scale and holding constant the children's background characteristics). Additional calculations were made by CDF under the supervision of Robert M. Solow and Rebecca Blank.

Appendixes

Appendix 1: About the Data in This Report

Income, Poverty, Work Effort, Health Insurance, and Living Arrangements

The U.S. Census Bureau's annual March Current Population Survey (CPS) provides the source for all information in this report concerning family income, poverty status, hours and weeks worked per year, health insurance status, and living arrangements (including family composition, homeownership, subfamilies living in doubled-up housing, and young families who move back into the grandparent's home). For years prior to 1989, CPS data concerning young families with children are drawn from earlier tabulations done by the Center for Labor Market Studies (CLMS) for previous reports co-authored by CLMS and CDF or, in a few cases, were tabulated by CLMS for the Russell Sage Foundation in New York. In recent years, the adoption of new CD-ROM technologies by the Census Bureau has made it possible for more organizations to obtain and analyze large surveys like the CPS. In this report, therefore, all CPS figures on young families for 1989 and later were tabulated directly by CDF staff.

Earnings and Wages

Figures on earnings and wages of persons by age, without regard to their family relationships, are based on published and unpublished CPS tables from the U.S. Census Bureau and the Bureau of Labor Statistics.

Housing Data

All data on crowded housing and the proportion of income spent on housing are from the American Housing Survey. Figures for 1987 and before were prepared by CLMS for the Russell Sage Foundation. CDF tabulated additional figures for 1983 and thereafter.

Other Data

Unless otherwise cited, all other data are from federal government agencies such as the Census Bureau, the Bureau of Labor Statistics, the National Center for Health Statistics, and the Bureau of Economic Analysis.

Inflation Adjustments

All figures are in inflation-adjusted 1994 dollars, calculated using the Bureau of Labor Statistics Consumer Price Index, the CPI-U-X1.

Sample Weights

In any survey based on a sample of the population, results from survey participants are multiplied by numbers called "weights" to yield estimates for the whole population. For users of the CPS the Census Bureau provides "family weights" for use in tallying sample families. For technical reasons, these weights can differ slightly from "person weights," which the Census Bureau also provides, and which it usually uses when tallying individual children themselves. In this report, the figures on children in poverty rely on family weights rather than person weights, in order to maintain comparability with older CLMS figures that also used family weights. Therefore, figures shown here may not precisely match published Census Bureau totals. However, the differences are small. For example, the 1994 poverty rate for children in young families is 41.2 percent when calculated with family weights, compared with 40.8 percent when calculated with person weights. ■

Appendix 2: Measuring Inflation

Dollar figures in this report are adjusted for inflation using the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics (BLS). Specifically, the report relies on a revised version of the CPI (the CPI-U-X1) that is more conservative than the official measure (the CPI-U). If CDF had used the official measure, then all of the income declines shown in this report would have been even greater than they are.

In recent years, some analysts have argued that even the CPI-U-X1 may overstate inflation. If that were true, then income and earnings trends for all Americans, including young families, would be better than they appear in this report or in most other reports or figures. However, the harshest criticisms of the CPI have themselves drawn skepticism from top statisticians and economists. Moreover, the criticisms of the CPI do not affect many key comparisons in this report, which do not depend on inflation-adjusted data.

Perhaps the most important criticism of the CPI is that it does not do a good enough job of distinguishing between "real" price increases and those increases that reflect improvements in the quality of the products being sold. Economists agree that the latter price changes should not be regarded as inflation but merely as consumers switching to a better product.

Yet statistical authorities—including experts at the BLS, the same agency that calculates the index and that was among the first to identify and publicize the potential flaws and weaknesses that the critics cite—dispute the conclusion that inflation currently is badly overstated because of faulty quality adjustments. BLS chief Katharine G. Abraham testified March 13, 1995, before the Senate Finance Committee that it is simply not yet possible to tell whether the official inflation measure is too high or too low, or by how much:

> Although many believe that the CPI is biased upward because quality improvements are not fully accounted for, there is little direct evidence to support this view. Indeed, some have suggested that quality adjustment problems may lead to a downward, not upward, bias in the CPI, at least during certain periods.

Moreover, leading critics of the CPI's quality adjustment procedures have recently found their own work questioned. Observers have noted apparent errors (such as a false assumption that BLS ignores such quality improvements as increased durability of cars and trucks, which BLS, in fact, takes into account) and one-sided analyses, which highlight quality improvements omitted by BLS but ignore other ways in which BLS may overstate quality improvements or ignore quality deterioration in such areas as airport delays or the paperwork associated with securing health care through an HMO. (See Bosworth, P. B., The Politics of Immaculate Conception, *Brookings Review*, Spring 1997, and Madrick, J., March 6, 1997, *The New York Times Review of Books*, The Cost of Living: A New Myth.)

The CPI has also been criticized for relying on a fixed "market basket"

of goods and services that is updated only about once every 10 years. Because of this lag, critics argue, the CPI does not take proper account of new high-technology products, which often fall rapidly in price, or products that become more popular as their relative cost falls. However, when CDF calculated income and wage trends with an alternative inflation measure whose market basket is updated every year—the personal consumption expenditures deflator, published by a separate government agency — the resulting declines among young families were virtually identical (within 1 percentage point) to the declines shown in the report.

In short, the harshest criticisms of the CPI appear to be premature. Most experts recognize an ongoing need to improve how the government measures inflation—an effort being led by the BLS itself, which recently has made smaller corrections that will reduce the official rate of inflation by about one-quarter of one percentage point per year. But many experts doubt that more dramatic improvements in the accuracy of the CPI can be made at the present time, or even that the overall size and direction of the CPI's inaccuracies can easily be determined.

It is also important to note that key findings in this report do not depend upon the CPI in any way. These include findings regarding young families' steep declines in relative income and wages (compared with older families), as well as rapid losses of private health insurance for their children, and the disturbing increases in the proportion of young families living in unaffordable and doubled-up housing. The reliability of these findings would not be affected even if the CPI were found to overstate inflation. ■

Appendix 3: Tables

Table A1

Median Incomes of Families with Children, Selected Years (in Inflation-Adjusted 1994 Dollars)

	1973	1979	1982	1989	1992	1993	1994	1973-1994
All ages	39,336	40,255	36,430	40,169	38,069	37,332	38,200	-3%
Under 30	29,611	28,042	23,331	23,433	19,457	19,292	19,786	-33%
Married	33,005	33,931	30,627	32,066	29,582	29,230	29,190	-12%
Father only	19,780	18,392	17,363	20,305	15,368	15,917	15,000	-24%
Mother only	10,624	10,414	8,464	8,472	7,690	7,384	8,316	-22%
White Non-Hispanic	31,436	31,427	27,157	28,188	25,250	23,794	24,386	-22%
Black Non-Hispanic	19,153	15,989	11,006	13,241	9,507	9,520	10,380	-46%
Hispanic	21,014	21,377	17,032	18,668	15,845	15,384	15,100	-28%
Other Non-Hispanic	27,543	24,852	20,463	25,193	24,295	17,435	21,600	-22%
Ages 30 to 64	43,800	44,480	40,407	44,818	42,675	42,062	42,831	-2%

SOURCE: Tabulations of Census Bureau data by CDF and the Center for Labor Market Studies, Northeastern University.

Table A2

Poverty Rates of Children, by Age of Family Head, Various Years (Own Never-Married Children Under Age 18)

	1973	1979	1982	1989	1992	1994
Head, all ages						
Total	13.3	15.2	20.6	18.3	20.6	20.7
Married	7.1	8.0	12.3	9.7	10.5	10.8
Male head	10.6	15.2	22.3	20.9	23.6	27.4
Female head	52.6	48.8	56.7	52.2	56.2	54.3
White Non-Latino	7.8	9.4	13.7	10.9	12.4	12.1
Black Non-Latino	39.2	39.9	46.3	42.5	47.4	44.2
Latino	27.0	28.6	39.0	35.0	38.6	40.7
Head, under age 30						
Total	20.1	23.8	33.1	35.0	42.3	41.2
Married	7.9	10.8	17.6	16.5	21.4	20.4
Male head	21.0	22.0	31.9	27.8	38.6	36.5
Female head	67.9	61.7	72.7	71.2	74.3	73.2
White Non-Latino	12.1	14.8	23.6	23.6	29.3	28.6
Black Non-Latino	47.4	48.8	60.5	59.0	69.3	64.4
Latino	35.0	36.1	50.4	45.2	51.7	51.4
Head, ages 30 to 64						
Total	11.7	13.2	17.5	14.7	16.3	16.9
Married	6.8	7.4	11.1	8.5	8.9	9.5
Male head	8.3	13.4	19.9	18.6	19.2	25.0
Female head	46.9	43.9	50.2	44.4	48.5	47.0
White Non-Latino	6.9	8.2	11.5	8.6	9.7	9.7
Black Non-Latino	36.5	36.7	41.2	36.0	38.9	37.0
Latino	24.8	26.1	36.0	32.0	35.0	37.8

SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund and the Center for Labor Market Studies, Northeastern University.

Table A3

Children of Heads of Household, by Age of Household Head, Age of Child, and Poverty Status in 1994 (in Thousands)

	All households	Head under 30	Head 30-64
Total children	64,320	10,095	54,019
Age 0	3,045	1,390	1,649
Ages 1-2	6,827	2,611	4,206
Ages 3-5	11,410	3,272	8,127
Ages 6-12	26,013	2,671	23,279
Ages 13-17	17,025	149	16,757
Poor children	13,339	4,163	9,110
Age 0	701	475	225
Ages 1-2	1,703	1,016	681
Ages 3-5	2,749	1,410	1,330
Ages 6-12	5,432	1,218	4,192
Ages 13-17	2,753	44	2,682

SOURCE: CDF tabulations of March 1995 Current Population Survey. Children are own never-married children of the householder. Numbers are weighted using family's sampling weight.

Table A4

Poverty Rates of Young Families with Own Children, by Census Bureau Geographic Division, 1973, 1989, and 1994

	1973	1989	1994	Comparison: 1994 vs. 1973 (times greater)
U.S. Total	15.6	28.8	34.5	2.2
1 New England	18.5	30.5	36.4	2.0
2 Middle Atlantic	19.0	28.0	38.7	2.0
3 East North Central	13.2	31.3	36.4	2.8
4 West North Central	11.9	26.4	28.7	2.4
5 South Atlantic	12.8	27.2	32.7	2.6
6 East South Central	14.7	35.2	38.9	2.6
7 West South Central	20.7	30.0	32.4	1.6
8 Mountain	14.6	28.8	26.8	1.8
9 Pacific	17.1	24.9	35.7	2.1

SOURCE: Tabulations of Census Bureau data by the Children's Defense Fund and the Center for Labor Market Studies, Northeastern University.

Table A5

Children's Poverty Rates by State, by Age of Family Head, 1989

	Under 30	Ages 30-59	Comparison: under 30 vs. ages 30-59 (times greater)
Alabama	36.8	19.9	1.8
Alaska	18.9	9.1	2.1
Arizona	34.4	18.2	1.9
Arkansas	37.6	20.6	1.8
California	30.5	15.3	2.0
Colorado	31.9	11.7	2.7
Connecticut	29.8	7.5	4.0
Delaware	24.8	8.5	2.9
District of Columbia	47.2	20.9	2.3
Florida	31.4	15.2	2.1
Georgia	34.4	15.7	2.2
Hawaii	23.4	9.6	2.4
Idaho	28.9	13.0	2.2
Illinois	35.7	13.2	2.7
Indiana	27.9	10.7	2.6
Iowa	29.5	10.8	2.7
Kansas	27.1	11.0	2.5
Kentucky	40.4	20.3	2.0
Louisiana	45.7	26.8	1.7
Maine	26.8	10.3	2.6
Maryland	25.3	8.3	3.0
Massachusetts	33.4	9.8	3.4
Michigan	38.4	14.0	2.7
Minnesota	27.4	9.7	2.8
Mississippi	46.2	28.7	1.6
Missouri	33.7	13.7	2.5
Montana	37.0	16.6	2.2
Nebraska	27.5	10.8	2.5
Nevada	22.6	10.5	2.2
New Hampshire	16.8	5.3	3.2
New Jersey	28.2	8.8	3.2
New Mexico	40.7	23.6	1.7
New York	37.8	16.0	2.4
North Carolina	29.1	13.5	2.2
North Dakota	32.9	13.8	2.4
Ohio	37.2	13.4	2.8
Oklahoma	36.5	17.3	2.1
Oregon	33.3	11.9	2.8
Pennsylvania	32.6	12.3	2.7
Rhode Island	31.4	10.2	3.1
South Carolina	31.7	17.1	1.9
South Dakota	31.8	17.0	1.9
Tennessee	35.3	16.8	2.1
Texas	36.0	20.7	1.7
Utah	24.2	9.9	2.4
Vermont	24.5	9.2	2.7
Virginia	26.1	10.1	2.6
Washington	29.5	10.9	2.7
West Virginia	46.4	21.5	2.2
Wisconsin	32.1	11.1	2.9
Wyoming	29.9	11.2	2.7

SOURCE: Children's Defense Fund tabulations from the 1990 Decennial Census.

Table A6

Children Lifted from Poverty by Government Assistance in 18 Industrialized Nations

	Year[a]	Percent poor		Percent lifted out of poverty by government benefits
		Excluding government benefits	Including government benefits[b]	
U.S.	1991	25.9%	21.5%	17%
Australia	1989	19.6	14.0	29
Belgium	1992	16.2	3.8	77
Canada	1991	22.5	13.5	40
Denmark	1992	16.0	3.3	79
Finland	1991	11.5	2.5	78
France	1984	25.4	6.5	74
Germany	1989	9.0	6.8	24
Ireland	1987	30.2	12.0	60
Israel	1986	23.9	11.1	54
Italy	1991	11.5	9.6	17
Luxembourg	1985	11.7	4.1	65
Netherlands	1991	13.7	6.2	55
Norway	1991	12.9	4.6	64
Sweden	1992	19.1	2.7	86
Switzerland	1982	5.1	3.3	35
U.K.	1986	29.6	9.9	67

[a] Latest year for which cross-national data are available. [b] Official figures.

SOURCE: Rainwater and Smeeding, as cited in text and listed in Endnotes.

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